



TARIFF POLICY

With effect from 1 July 2018

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1. Preamble

In terms of section 62 (1) (f) of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003), the Accounting Officer of a Municipality is responsible for managing the financial administration of the Municipality and must for this purpose take all reasonable steps to ensure that, inter alia, the Municipality has and implements a tariff policy referred to in section 74 of the Local Government: Municipal Systems Act (MSA), 2000 (Act 32 of 2000), as amended.

In terms of section 74 of the Municipal Systems Act, the municipal council must adopt a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements.

This policy has been compiled in accordance with:

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as amended;
Local Government: Municipal Systems Act (MSA), 2000 (Act 32 of 2000), as amended;
Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003);
Local Government: Municipal Property Rates Act (MPRA), 2004 (Act 6 of 2004);
Value Added Tax Act, 1991 (Act 89 of 1991); and
City of Tshwane Property Rates Policy as reviewed annually.

2. Definitions

In this Tariff Policy, unless inconsistent with the context, a word or expressions to which meaning in the Act has been attached means the following:

“Accounting Officer” means the Accounting Officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and being the head of administration and Accounting Officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

“Basic municipal services” means municipal services that are necessary to ensure an acceptable and reasonable quality of life and, if not provided, could endanger public health or safety of the environment. For the City of Tshwane Metropolitan Municipality, this shall include among other things electricity, water, refuse removal and sewerage services.

“Break-even” occurs when the revenue is equal to the total of the fixed and variable cost associated with the provision of the service.

“Community services” are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered fully from public service charges and are of a regulatory nature.

“Consumer, customer, owner, occupier, and account-holder” in this policy refers to individuals and other legal entities against whom a tariff, fee, charge or other levy specific to identifiable services are levied. The levying of tariffs, fees, charges, etc, depends on statutory clauses, an approved tariff in terms of by-laws, contracts, agreements or tacit uses of services in certain circumstances. Such levies are payable on presentation of any invoice or monthly statement issued by the Chief Financial Officer. Payments are due by the date indicated for the transaction, in an agreement/ contract, an invoice or monthly statement as the case may be.

“Economic services” are services that the City of Tshwane Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers.

“Fixed costs” are costs which do not vary with consumption or volume produced.

“Resident” means a person who ordinarily resides in the jurisdictional area of City of Tshwane Metropolitan Municipality.

“The Act” the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended;

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as amended;

Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003);

Local Government: Municipal Property Rates Act (MPRA), 2004 (Act 6 of 2004).

“Total cost” is the sum of all fixed and variable costs associated with a service.

“Trading services” are services that the Council has classified as trading services. Typically, the consumption of a trading service is measurable and can be apportioned to an individual consumer.

“Units consumed” are the number of units of a particular service consumed by a customer.

“Variable costs” are costs that vary with consumption or volume produced.

“VAT” Value Added Tax is charged in accordance with the existing national tax legislation on all consumptive tariffs and all miscellaneous tariffs as indicated in the City’s tariff schedules.

3. Introduction

One of the primary functions of a local authority is to provide services to the people resident within its municipal area. The funding of these services is made possible by levying property taxes, charging for municipal services rendered and levy collection through business levies. Tariffs represent the charges levied by Council on consumers for the utilisation of services provided by the Municipality. These are calculated dependent on the nature of service being provided. They may be set in a manner so as to recover the full cost of the service being provided or recover part of the costs or bring about a surplus that can be utilised to subsidise other non-economical services.

4. Relationship with other policies

This policy is to be read in conjunction with other relevant adopted policies of the municipality, including the following:

Property Rates Policy
Social Package Policy
Budget Policy
Sanitation Tariff Policy
Electricity By-Law

Water Supply By-Law
 Sanitation By-Law
 Solid waste By-Law
 Property Rates By-Law
 Collection Policy (Credit and Debt Control)

5. Purpose

The purpose of the tariff policy is to ensure that:

The tariffs of the Municipality comply with the legislation prevailing at the time of implementation.

The municipal services are financially sustainable, affordable and equitable.

The needs of the indigent, aged and disabled are taken into consideration.

There is consistency in how the tariffs are applied throughout the municipality.

The policy is drawn in line with the principles as outlined in the MSA (see 5 below)

6. Principles

In terms of S74 (2) of the Municipal Systems Act of the following principles should at least be taken into account when formulating a Tariff Policy:

- The users of municipal services should be treated equitably in the application of tariffs.
- As far as practically possible, consumers should pay in proportion to the amount of services consumed.
- All households, with the exception of the poor (indigent), should pay the full costs of services consumed. Poor households must have access to at least a minimum level of basic services through:
 - Tariffs that cover the operating and maintenance costs,
 - Special lifeline tariffs for low levels of use or consumption of services or basic levels of service, or
 - Any other direct or indirect method of subsidisation of tariff for poor households.
- The tariff must include the cost reasonably associated with rendering the service, including capital, operating, maintenance, administration, replacement and interest charges.
- Tariffs must be set at a level to facilitate financial sustainability of the service, taking into account subsidisation from sources other than the service concerned.
- Provision may be made in appropriate circumstance for a surcharge on the tariff for a service.
- Provision may be made for the promotion of local economic development through a special tariff for categories of the commercial and industrial users.
- The economic, efficient and effective use of resources, the recycling of wastes and other appropriate environmental objectives must be encouraged.
- The extent of subsidisation of the poor households and other categories of users should be fully disclosed.
- In terms of S74 (3) of the MSA, a tariff policy may differentiate between different categories of users, debtors, service providers, services and geographical areas as long as the differentiation does not amount to unfair discrimination. In order to give full

effect to this section, Section 75 (1) of the MSA provides for the municipal council to adopt bylaws.

7. Classification of trading, rates and community services

There are three categories of municipal services (ie trading, rate and general and housing services) which are discussed as follows:

7.1 Trading services

These services are defined as services whereby the consumption of the service is measurable and can be accurately apportioned to an individual consumer. These services are hence managed like businesses. The tariffs for these services are budgeted for in such a way that at least a break-even situation for the municipality will be realised. Examples of these services include water and sanitation, electricity, and waste removal.

The primary purpose of a tariff structure is to recover the actual costs of the rendering of a particular service to avoid cross-subsidising of services.

In order to determine the tariffs which must be charged for the supply of the four major services, ie electricity, water, sanitation and waste removal, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- Cost of bulk purchases in the case of water and electricity.
- Distribution costs.
- Distribution losses in the case of electricity and water. The Council's pricing strategy for these services is to recover the full cost of rendering the service to the communities.
- Depreciation expenses.
- Maintenance of infrastructure and other fixed assets.
- Cost of approved indigent relief measures and cross-subsidising of low consumption.
- Administration and service costs, including:
 - service charges levied by other departments such as finance, human resources and legal services;
 - reasonable general overheads, such as the costs associated with the Office of the Municipal Manager;
 - adequate contributions to the provisions for bad debts and obsolescence of stock; and
 - all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area.

7.2 Rates

The municipality must in terms of section 3(3) of the Act, determine or provide criteria for the determination of categories of properties for the purpose of levying different rates and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions.

A municipal council must annually review, and if necessary, amend its rates policy, and any amendments to a rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of section 16(2) of the Municipal Finance Management Act.

7.2.1 Determination of the criteria for the levying of different rates

- Different categories of rateable properties

The determination of property categories of rateable property for the purpose of levying different rates was determined according to the following criteria:

- (a) Use of the property
- (b) Permitted use of the property or
- (c) A combination of (a) and (b)

- Categories of rateable property for purposes of levying differential rates as informed by the criteria are determined as follows:

- (a) Residential properties
- (b) Business and commercial properties
- (c) Educational institutions
- (d) Industrial properties
- (e) Mining properties
- (f) Municipal properties (not used by the Municipality)
- (g) State-owned properties
- (h) Agricultural properties
- (i) Non-permitted use
- (j) Vacant land
- (k) Public benefit organisation

- Other categories of non-rateable properties in terms of the policy

- (a) Public service infrastructure
- (b) Protected areas
- (c) Public worship
- (d) State trust land
- (e) Municipal properties (used by the Municipality)
- (f) Multipurpose properties

7.2.2 Exemption of owners of properties

A municipality may, in terms of the criteria as set out in its rates policy:

exempt a specific category of owners of properties or the owners of a specific category of properties, from paying a rate levied on their property; or grant to a specific category of owners of properties or the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

7.2.3 Properties eligible to rate ratios

- Agricultural properties

The rate applicable on an agricultural property as contained in the definition of farm property, and as prescribed by the Municipal Property Rates Regulations which took effect from 1 July 2009:

The ratio in relation to residential property is:

Residential property 1:1 Agricultural property 1:0.25

- Public benefit organisation properties

The rate applicable on property registered as Public benefit organisation, as prescribed by the Municipal Property Rates Regulations published in Government Notice No. 33016 of 12 March 2010 that took effect on 1 July 2010, may not exceed the ratio to the rate on residential properties where:

The ratio in relation to residential property is:

Residential property 1:1 Public benefit organisation property 1:0.25

7.2.4 Liability for rates

The levying of rates on a property will be effected in terms of the Municipality's Rates Policy as amended from time to time.

The Municipality will, as part of each annual operating budget process, determine a rate in the rand to be levied on the market value of the property in every category of properties.

Rates will be recovered monthly.

- Recovery of rates due will be in accordance with the City's Collection Policy (credit and debt control).

7.2.5 Indigent households

Indigent as defined in the Municipality's indigent policy, 100% rebate will be granted to registered indigents in terms of the Indigent Policy of the City.

7.3 Economic services

Small and large businesses rely on the actions of local government in a number of ways and are also subject to a number of municipal regulations. A review and simplification of municipal procedures and regulations can have a significant impact on the local economy. For example, procurement procedures can be revised to maximise the impact of municipal purchases on job creation and the local economy. Cost and quality must still be central criteria; however, support can be given to emerging contractors by breaking tenders down into smaller parts, providing targeted information and training, or allowing exemption from large securities.

Rezoning requests and applications for building permits by developers are frequently held up in cumbersome bureaucratic approval processes. In many cases, these can be simplified. The establishment of a spatial framework which identifies land for residential, commercial and mixed development can help to speed up rezoning by establishing clear guidelines up-front.

Customer management and billing are often handled by several different municipal departments with offices in different locations. The establishment of user-friendly one-stop

shops which can advise residents and deal with single accounts for all municipal services can increase the quality and efficiency of local services.

7.4 Subsidised services and community services

These are services for which tariffs are fixed in such a way that at least a portion of the cost of providing the service can be recovered. The consumption of these services can be determined reasonably accurately and can be apportioned to individuals and consumers. However, if the tariffs for using this service were based on its real cost, nobody would be able to afford it. In most cases not only would the consumer benefit from using the service, but also other persons.

Therefore, user charge is payable for using the service, but the tariff is much lower than the real cost of providing the service. These services include firefighting, approval of building plans and the construction of buildings, leasing of municipal facilities, selling of burial sites and certain town planning functions.

Community services are those services for which the Council is unable to accurately determine the consumption and hence apportion to individual consumers. These services are typically financed through property rates. These services include the operation and maintenance of parks and recreation facilities, provision and maintenance of roads and storm-water drainage systems, the establishment, management and maintenance of cemeteries and traffic regulation.

In addition to the above services domestic refuse and sewage removal is also a community service provided directly to all the residents and for which costs form part of a balanced budget.

The Municipality also provides support services such as committee services, records and archives, financial management accounting and stores, occupational health and human resources management, which are financed through property rates.

7.5 Housing and hostel services

These are usually grouped into three categories, namely, letting schemes, selling schemes and hostels. All income and expenditure transactions in respect of such schemes fall into this category and the objective of the service is to be economical, ie the operating income should cover the operating expenditure.

In addition, these functions are being carried out on an agency basis as these are not deemed as Local Government functions.

7.6 User groups

- Users are traditionally divided into user groups as set out below:
 - Domestic (residential);
 - Businesses/commercial;
 - Industries/bulk customers;
 - Farm properties (agricultural);
 - Accommodation establishments (including guest houses);
 - Municipal consumption (departmental charges);

- Institutions that may be directly subsidised for example retirement homes, schools and hostels, sports organisations, etc; and
 - Special arrangements for specific developments as may be determined by Council from time to time.
- A continuous effort should be made to group those users who have more or less the same access to a specific service together.

8. Determination of tariffs

Major factors/Contributing factors

- The impact of inflation, the municipal cost index and other cost increases.
- An aggressive policy of collecting revenue.
- The requirements of the various tariff policies.
- Guidelines with regard to main services accounts.
- Credible collection rates and collection improvement targets.
- The ability to extend new services and the recovering of costs.
- Tariffs for the main services are compiled taking the revenue and tariff setting Model as well as budgeting principles and guidelines into consideration.

9. Free basic services

Free basic municipal services refer to those municipal services necessary to ensure an acceptable and reasonable quality of life and which service, if not provided, could endanger public health or safety or the environment.

In terms of the South African Constitution, all customers should have access to basic services. Currently, the free basic services provided to the domestic customers within the City are as follows:

- The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- The general threshold for indigent support is restricted to qualifying households with a combined income amount determined by Council at the beginning of every financial year and will be applied for the duration of that particular financial year.
- The Municipality recognises the following rates and service charges for indigent support:
 - Electricity;
 - Water;
 - Refuse removal;
 - Sewerage;
 - Property rates;
 - Sanitation chemical toilets;
 - Rudimentary services;
 - Formalisation.

10. Main services

It is essential that a compromise is reached between the following needs with the determination of a tariff structure:

- The need to reflect costs as accurately as possible in order to achieve cost-effectiveness;
- The need to ensure equality and fairness between user groups;
- The need for a practically implementable tariff;
- The need to use appropriate metering and provisioning technology;
- The need for an understandable tariff; and
- The user's ability to pay.

Taking into consideration the abovementioned points the tariff structure of the following services is discussed:

10.1 Electricity

To calculate the tariff for electricity, the actual cost incurred in the supply of electricity to the community has to be taken into consideration. The principle of basic levies as well as per unit tariff for electricity is determined by the cost structure. This cost structure consists of the following components:-

Fixed costs: It represents that portion of expenses that must be incurred irrespective of the fact whether or not any electricity has been sold, for example, the salary of staff who have been appointed permanently with specific tasks relating to the provision of electricity, costs of capital and insurance that is payable in respect of the infrastructure. These costs must be recovered whether any electricity is used or not.

The costs are therefore recovered by means of a fixed levy per period (normally as a basic monthly charge) in order to ensure that these costs are covered.

Variable costs: It relates to the physical provision of electricity according to consumption/demand and must be financed by means of a unit tariff which is payable per kWh/KVA electricity consumed.

Profit taking: The tariffs for these services are determined in such a way that a nett trading surplus is realised. Any trading surplus is used to subsidise the tariffs of rate funded services.

The following tariff structures were used for the determination of tariffs:

Inclining block tariff (IBT) (for residential, business and commercial properties with prepaid electricity meters) where customers' consumption is divided into blocks and each subsequent block has a higher energy rate (c/kWh). The tariff structure has been set by NERSA in order to protect/cross-subsidise low-income domestic customers and to promote energy efficiency.

Single-rate energy tariff (all costs expressed in a single cent/kWh charge).

Electricity tariffs are promulgated annually to determine the cost of selling the electricity and delivery of certain services to customers of the City of Tshwane.

Part I

Part 1 of the tariffs contains the tariffs for retail distribution of electricity. The tariff structure consists of the following components.

10.1.1 Domestic tariff scales

- Free basic electricity

For indigent consumers officially registered at the City of Tshwane Metropolitan Municipality, the first 100 kWh consumed per thirty-day period per residential unit since the previous meter reading will be issued free of charge.

- Prepaid and conventional

Subject to any additional charges contained in Part II of the tariff, and to the exceptions set out in group (x), this scale will apply to premises situated within legally established townships, where electrical power is supplied at low voltage to the following groups of consumers, and which have the main circuit-breaker size of not more than 80 amperes per phase. In the case of a single-phase, two-phase or three-phase connection, provided that a three-phase connection is supplied to the premises and the rating of the consumer's main circuit-breaker is more than 80 amperes per phase - excluding bulk domestic complexes, the Executive Director: Energy and Electricity may determine that the Low Voltage Three-phase Demand Scale will apply (two-phase connections are not available for new connections, and the tariff is only applicable to existing two-phase connections) to:

- (i) A residential unit
- (ii) A boarding house
- (iii) A flat
- (iv) A non-profitable nursing home
- (v) A charitable institution/home
- (vi) A hostel
- (vii) A building used exclusively for public worship
- (viii) A club, other than a club licensed under any liquor act
- (ix) A pumping plant where the water pumped is used exclusively for domestic purposes on premises receiving a supply under this scale of the tariff
- (x) A building or separate section of a building comprising a number of the above groups or other units used exclusively for residential purposes, the consumption of which is separately metered by the municipality for the determination of charges due under this scale

Classes (iv), (v) and (vii) situated outside legally established townships
Premises for which a written request was submitted to and approved by Executive Director: Energy and Electricity.

- Domestic standard supply single and three phase: Conventional and prepaid:

For a connection with a conventional meter, energy consumed per thirty-day period since the previous meter reading is charged per month or part of a month. Prepaid energy purchases are charged per calendar month.

- Domestic three-phase demand supply:

For residences where a three-phase connection is supplied to the premises and the rating of the consumer's main circuit breaker is more than 80 amperes per phase – excluding bulk domestic complexes – the low-voltage three-phase demand scale will apply.

- Domestic time-of-use: Conventional and prepaid:

Currently not available. Time-of-use tariffs will be made available to standard domestic customers when the automated meter reading system with time-of-use capabilities has been implemented and commissioned.

- Domestic bulk supply

Subject to any additional charges contained in Part II of the tariff, this scale will apply to domestic complexes and gated domestic communities situated within legally established townships (unless explicitly otherwise determined by the Executive Director: Energy and Electricity) within and outside the municipal boundaries where electricity is supplied in bulk via a single connection at low voltage or medium voltage, to the following classes of consumers.

A body corporate or the authorised reselling agent of a bulk residential complex that purchases electricity only for resale to residential dwelling units on the same premises at the prescribed domestic reselling tariffs of the municipality and where such consumption is determined by means of conventional or prepaid sub-meters.

Residential complexes include blocks of flats, including separate units in terms of the Sectional Titles Act, 1971 (Act 66 of 1971), and the Sectional Titles Act, 1986 (Act 95 of 1986), but exclude premises with only a second dwelling unit.

- Domestic bulk standard supply
- Domestic bulk time-of-use supply

- Lifeline: Prepaid

Subject to any additional charges contained in all Part II of the tariff, this scale will apply to premises situated within legally established townships where electrical power is supplied at low voltage to the following groups of consumers with the main circuit-breaker size of not more than 20 amperes in the case of a single-phase connection, where a life-line subsidised connection has been taken, that is metered by a prepaid meter.

- A residential unit
- A flat

- Agricultural holdings and farm land: Conventional or prepaid

Subject to any additional charges contained in Part II of the tariff, excluding premises falling under group (x) of the domestic single- and three-phase: conventional or prepaid; lifeline: prepaid or under the low voltage three-phase demand scale, this scale will apply to premises situated outside legally established townships within or outside the municipal boundaries, to which electricity is supplied or made available at low

voltage, with the main circuit-breaker size of not more than 80 amperes per phase, and in the case of a single-phase or three-phase connection.

- Note

Due to legislation requiring time-of-use tariff scales for all bulk consumers, all standard bulk domestic demand connections will be phased out and be replaced with time-of-use metering and tariff scales.

10.1.2 Non-domestic/business tariff scales

In accordance with policy positions 43 of the Electricity Pricing Policy No. 1398 –

- (1) Non-licensed traders of electricity shall provide the electricity at terms, tariffs and services not less favourably than that provided by the licensed distributor in the area.

In accordance with the Electricity Regulations Act, 2006 (Act 4 of 2006) the power and duties of the licensee are as follows:

- (2) A licensee may not discriminate between customers or classes of customers regarding access, tariffs, prices and conditions of service, except for objectively justifiable and conditions of service, except for objectively justifiable and identifiable differences approved by the regulator.

- Non-domestic single phase: Conventional

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises situated within legally established townships where electrical power is supplied at low voltage to the following groups of consumers, with a main circuit breaker size of not more than 80 amperes in the case of a single-phase connection:

- (i) A shop, store or business
- (ii) An office block
- (iii) A hotel licensed under the Liquor Act
- (iv) A bar
- (v) A cafe, tearoom or restaurant
- (vi) A combined shop and tearoom
- (vii) A public hall
- (viii) A club licensed under the Liquor Act
- (ix) An industrial, manufacturing concern or service industry
- (x) An educational institution, excluding a hostel, if metered separately
- (xi) A building or section of a building comprising a number of the above classes
- (xii) All consumers not defined under other scales of the tariff

- Fixed monthly charge

- Non-domestic single phase: Prepaid

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises situated within legally established townships where electrical power is supplied at low voltage, with the main circuit-breaker size of not more than 80 amperes in the case of a single-phase connection, to the groups of consumers listed in item (i) up to and including (xii) in the preamble to the non-domestic single phase: Conventional scale

- Non-domestic three phase: Conventional

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises situated within legally established townships where electrical power is supplied at low voltage, with a main circuit-breaker size of not more than 150 amperes per phase in the case of an existing three-phase connection (new connections see NOTES below), to the groups of consumers listed in item (i) up to and including (xii) in the preamble to the Non-domestic Single-phase: Conventional scale.

- Non-domestic three phase: Prepaid

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises situated within legally established townships where electrical power is supplied at low voltage, with a main circuit-breaker size of not more 80 amperes per phase in the case of a three-phase connection, to the groups of consumers listed in item (i) up to and including (xii) in the preamble to the Non-domestic Single Phase: Conventional scale.

- Bulk business/non-domestic demand scales

Subject to any additional charges contained in Part II of the tariffs, this scale will apply to the premises situated within and outside the municipal boundaries for electricity supplied or made available at low voltage, with an annual average metered load of more than 50 kVA.

- Low-voltage three-phase demand scale

Subject to any additional charges contained in Part II of the tariff, this scale will apply to the premises situated within and outside the municipal boundaries for the electricity supplied or made available at low voltage, with an annual average metered load of more than 50 kVA-implicating installed breaker of greater than 70 A three-phase, but limited to a maximum of 800 A – to the groups of consumers listed in item (i) up to and including (xii) in the preamble to the Non-domestic Single-phase: Conventional scale and the groups of domestic consumers with a main circuit-breaker size of more than 80 amperes per phase listed in item (i) up to and including (xii) - excluding bulk domestic complexes and gated domestic communities with a single bulk connection- in the preamble to the Domestic Scale: Single and Three phase. In the event where the actual average annual demand is below 50 kVA, the Executive Director: Energy and Electricity has the authority to convert the consumer to the applicable tariff upon downgrading to the applicable breaker.

- Low-voltage three-phase demand scale: Time-of-use

Subject to any additional charges contained in Part II of the Tariff, this scale will apply to premises situated within and outside the municipal boundaries for electricity supplied or made available at low voltage, with an annual average metered load of more than 50 kVA and load shifting to defined time periods can be arranged, to the groups of consumers listed in item (i) up to and including (xii) – excluding bulk domestic complexes and gated domestic communities with a single bulk connection in the preamble to the non-domestic single-phase: conventional scale. In the event where the actual average annual demand is below 50 kVA, the Executive Director: Energy and Electricity has the authority to convert the consumer to the applicable tariff.

- 11 kV supply scale

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises – excluding bulk domestic complexes – situated within or outside the municipal boundaries where electrical power is supplied at 11 000 V.

Unless the Executive Director: Energy and Electricity determines otherwise, this scale will only be available for premises with an average metered load of more than 200 kVA.

In the event where the actual average annual demand is below 200 kVA, the Executive Director: Energy and Electricity has the authority to convert the consumer to the applicable tariff.

- 11 kV supply scale: Time-of-use

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises – excluding bulk domestic complexes – situated within or outside the municipal boundaries where electrical power is supplied at 11 000 V and load shifting to defined time periods can be arranged.

- 11 kV supply scale: Madibeng

Subject to any additional charges contained in Part II of the tariff, this scale will apply to the Local Municipality of Madibeng: Hartbeespoort Administrative Unit as per the current agreement.

10.1.3 Industrial scales

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises within or outside the municipal boundaries where electrical power is supplied at 132 000 V.

Unless the Executive Director: Energy and Electricity determines otherwise, this scale will only be available for premises with an average annual metered load of more than 10 000 kVA or more. In the event where the actual average annual demand is below 10 000 kVA, the Executive Director: Energy and Electricity has the authority to convert the consumer to the applicable tariff.

- 132 kV supply scale: Wind tunnel (conventional or prepaid)

Subject to any additional charges contained in Part II of the Tariff, the Executive Director: Energy and Electricity retains the right to determine at his discretion, by agreement, the charges as far as power consumption by the CSIR's Medium Speed Wind Tunnel outside the peak time of Eskom's applicable approved bulk time of use tariff, is concerned.

- 132 kV supply scale: MEGA (conventional or prepaid)

The following charges will be payable per month or part of a month:

- The current Eskom Megaflex tariff, applicable to the City of Tshwane (Ekangala substation), excluding the monthly rental that may be applicable to the Municipality.
- A surcharge of 10% on the sum of the net amount.
- 275 kV supply scale: Time-of-use (conventional or prepaid)

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises within or outside the municipal boundaries where electrical power is supplied at 275 kV.

Unless the Executive Director: Energy and Electricity determines otherwise, this scale will only be available for premises with an average metered load of 30 000 kVA or more. In the event where the actual average annual demand is below 30 000 kVA, the Executive Director: Energy and Electricity has the authority to convert the consumer to the applicable tariff.

- Off-peak supply scale

Subject to any additional charges contained in Part II of the tariff, this scale will apply to premises situated within and outside the municipal boundaries.

The following provisions will be applicable to a supply of electricity supplied or made available during the off-peak periods during the periods as determined by the Executive Director: Energy and Electricity, to premises receiving a standard supply under either the 132 kV Supply scale or the 11 kV Supply Scale or the Low voltage Three-phase Demand Scale provided that the consumer applies in writing for such off-peak supply, which will be subject to the following restrictions:

- Renewable/embedded energy charges

In terms of the provisions of the Electricity Regulation Act, 2006 (Act 4 of 2006), (ERA), the generation of electricity is a licensed activity. The tariffs are therefore subjected to the provisions of the act and are currently interim/ pilot.

The tariffs will apply to customers that are net consumers of the city of Tshwane and who have invested in embedded generation capacity, are grid-tied and comply with all regulations regarding grid connection.

All embedded generators are required to register with the City of Tshwane and the equipment used must comply with the technical standards required by the City of Tshwane.

The tariffs applicable for the type and size of the installation, which include a fixed monthly availability charge will apply for the net consumption via the Tshwane network.

The following monthly charge, whether or not electricity is consumed, per metering point:

- Domestic single or three phase
 - Domestic three-phase demand supply: Conventional and prepaid
 - Non-domestic single-phase: Conventional
 - Non-domestic three-phase: Conventional
 - Low-voltage three-phase demand scale
 - 11 kV supply demand scale
 - 132 kV supply demand scale
- A credit (reverse) tariff for excess energy generated and transferred to the City of Tshwane grid, per kWh (this tariff will be applied to the first 100 applicants approved for piloting in 2017/18), it can only be applied after approval by City of Tshwane

10.1.4 Wheeling tariff

A tariff per kWh for wheeling electricity through the City of Tshwane network:

10.1.5 Reselling tariffs to end users

In accordance with the Electricity Regulations Act, 2006 (Act 4 of 2006) the power and duties of the licensee are the following:

A licensee may not discriminate between customers or classes of customers regarding access, tariffs, prices and conditions of service, except for objectively justifiable and conditions of service, except for objectively justifiable and identifiable differences approved by Regulator.

Electricity reseller definition

A reseller is defined by the Energy Regulator (NERSA) as a non-licensed trader of electricity (a person, corporation or organisation), that supplies electricity to dwellings in high-density housing complex; residential flat buildings; residential gated sectional title units and/or free stands in a complex, shopping mall or shopping complex; commercial buildings (including offices), and has the ability to meter its customers and provide a bill clearly stating the kilowatt hours consumed, the tariff per kilowatt hour and the total amount charged.

10.1.6 Current Eskom Megaflex periods

- Peak
 - Low-demand season weekdays – 07:00 to 10:00 and 18:00 to 20:00
 - High-demand season weekdays – 06:00 to 09:00 and 17:00 to 19:00

- Saturday – none
- Sunday – none
- Standard
 - Low demand season weekdays – 06:00 to 07:00; 10:00 to 18:00 and 20:00 to 22:00
 - High-demand season weekdays – 09:00 to 17:00 and 19:00 to 22:00
 - Saturdays – 07:00 to 12:00 and 18:00 to 20:00
 - Sundays – none
- Off-peak
 - Weekdays – 22:00 to 06:00
 - Saturdays – 12:00 to 18:00 and 20:00 to 07:00
 - Sundays – 00:00 to 24:00

Part II: Energy, demand and fixed-demand charges

10.1.7 Erf quota

Where: AMD – Authorised maximum demand
 ADMD – After-diversity maximum demand
 ZMD – Zoned maximum demand
 kVA – Kilo (1 000) Volt Amp
 N – Potential number of dwelling unit

Erf quota is defined as the AMD of each erf. The ADMD of the erf used for the design of the internal network is calculated as follows:

$$A = Z \times C$$

Where A = ADMD of the erf measured in kVA

Z = ZMD or AMD (whichever is the higher) equals the kVA value for erf

C = Area factor according to the table in A1.2 below

(Note: The ADMD values are used for the design of the internal network.)

10.1.8 The quota charge

Determining charges:

It is finally determined by the actual level at which the development connects to the supply system. The charge is calculated as follows:

$$Q = [(D_n - D_e) C] \times X$$

Where Q = Quota charge payable in rand

D_n = Sum of new development property ADMDs in kVA

D_e = Sum of existing development property ADMDs in kVA

C = Area Factor as indicated in 1.2 above

X = Contribution per kVA at connection level as indicated in 2.3 below

The quota charges must be such as to cover the capital liabilities incurred or to be incurred by the Municipality in supplying the distribution and/or reticulation network to increase the

quota to the premises or group of premises. The contributions per kVA at the different connection levels are as follows:

10.1.9 Fixed charges

- Premises with improvements

The scales of the tariff for the Supply of Electricity, as detailed in the Schedule: Supply of Electricity Part I, are based on the costs associated with the provision of the supply to the various groups of consumers in the normal electricity development areas within the municipal boundaries.

- Premises without improvements

A charge of basic cost for each registered erf, which in the opinion of the Executive Director: Energy and Electricity, can be connected to the Municipality's supply mains, but has not yet been connected, is payable by the owner, provided that premises which have been provided with only a builder's connection are deemed to be not connected.

10.1.10 General charges

- Metered connection fees

The Municipality will provide the following standard connections between its mains and the electrical installation of proclaimed premises, provided that non-split prepaid metering will only be installed with the approval of the Executive Director: Energy and Electricity. Only one such connection will normally be provided to any single premises, provided that, in the case of second dwelling-units within legally established townships or farms and agricultural holdings receiving an electricity supply at low voltage and in cases where consideration of distance or voltage drop is such that in the opinion of the Executive Director: Energy and Electricity, additional connections are justified, such additional connections may be provided.

- Temporary non-metered connections

Where the Municipality, at the discretion of the Executive Director: Energy and Electricity, makes temporary non-metered connection points available to consumers, the following connection fee applies (plus an additional amount for electricity consumption. Temporary metered connections will be made available for a maximum of 12 months from the date of the installation.

- Illuminated street name signs, hoardings, telephone booths equipped with lighting (maximum 200W) and billboards

Consumption based on 12 hours per day per sign/hoarding/telephone booth, provided that an annual account for one year's consumption per sign/hoarding/telephone booth is paid in advance with effect from 1 July each year, then the following charges will be applicable:

- Street name signs
- Billboards
- For any non-metered billboard, a fine of R1 000 000 will be issued

- Security lights for public parks mounted onto existing lamp-posts (maximum 250W per light)

Consumption based on 12 hours per day per security light, provided that an annual account for one year's consumption is paid in advance with effect from 1 July each year: per light per year or part of a year.

10.1.11 Sundry services

- Fees for discontinuing and reconnecting the supply
 - For discontinuing the supply when the premises change ownership and for discontinuing temporarily at the request of the consumer ie special disconnection.
 - For discontinuing the supply where the terminal conductors of an overhead roof connection are temporarily removed and re-connected thereafter, at the request of the consumer
 - For any unlawful discontinuing of the supply
- Fees for prepaid meter sundries
- Replacement of a vending card
- Fees for the furnishing of electrical information by means of programmable electronic meters or programmable data loggers, per study case
- Fees for repairing defects for which a consumer is responsible and fees for medium-voltage switching work requested by a consumer

When the Electricity Department is called upon to attend to a failure of supply and when such failure of supply is found to be due to a fault on the consumer's installation, or due to faulty operation of apparatus used in connection therewith or if it is found that the current rating of the consumer's main incoming circuit breaker equals or exceeds the current rating of the Municipality's circuit breaker (or to execute medium voltage switching work at the request of the consumer), the consumer must pay a fee for each such attendance, which will be determined as the cost incurred by the Electricity Department in attending to such failure (or switching work) and this cost will be added to a next account (partially subsidized).

- Fees for special meter reading

The consumer's meter will be read, as closely as reasonably possible, at intervals of one month.

If a consumer requires his or her electricity meter to be read at any time other than the appointed date, the electricity meter will be read separately, provided the consumer pays the applicable amount in advance:

- Fees for testing

If a consumer has reason to believe that an electricity meter is out of order or is registering incorrectly, the meter will be tested by the Municipality, provided the consumer pays the applicable amount in advance, which amount will be refunded on the following account if the meter is found to be registering more than 5% fast or slow, in which case the consumer's account will be adjusted in terms of the applicable section of the Electricity By-law. No refund will be made if the meter seals are broken or tampering with the meter occurred.

- Fees for inspection, testing and commissioning of installations, substations, switch rooms and street lights.

On receipt of a notice in terms of the Municipality's Electricity By-law, that the installation, a substation, a switch room or any extension to an installation or street light has been completed and is ready for inspection and testing, such inspection and test will be carried out free of charge.

If the installation, substation, switch room or street light is found to be incomplete or defective or fails in any way to comply with the Municipality's Electricity By-law and Regulations, the Municipality will not connect the installation, or approve the substation, switch room or street light until such defect or failure has been remedied by the contractor and a further inspection and test have been carried out. A pre-payable amount will be charged.

10.1.12 Costs to recover damages to the electrical Municipal infrastructure by contractors

- Damage to underground electrical cables due to digging by contractors
- Damage to streetlight poles due to construction or road accidents

10.1.13 Deposits

The minimum amount to be deposited by a consumer with the Municipality in respect of electricity consumption in terms of the Municipality's Electricity By-law and Regulations, which amount in cases where a water deposit is also payable, will include such water deposit.

10.2 Water

10.2.1 Charges for the supply of water

For indigent consumers officially registered at the City of Tshwane, the first 12 kℓ of water consumption per 30-day period will be afforded free of charge.

Scale A: Agricultural holdings and farm portions for residential use excluding consumers under Scale C, Scale B: Single dwelling-houses (excluding dwelling-houses from which an unregistered business is run) and Scale C: Flats, town houses and other sectional title developments on stands with more than two dwellings (not metered separately by the metropolitan municipality).

- Stepped tariff

The city has made provision for Rand Water's proposed stepped tariff for municipalities with regard to water restrictions on its water tariff structure.

The following tariffs are applicable to any consumer who is supplied with water, but who is not a resident within a proclaimed township:

- A quantity charge for water consumed since the previous meter reading is as follows:

0 to 6 kℓ per 30 days' period (200 ℓ a day)

7 to 12 kℓ per 30 days' period

13 to 18 kℓ per 30 days' period

19 to 24 kℓ per 30 days' period

25 to 30 kℓ per 30 days' period

31 to 42 kℓ per 30 days' period

43 to 72 kℓ per 30 days' period

More than 72 kℓ per 30 days' period

- The application of this tariff is subject to it that –

- the connecting pipe is not more than 20 mm in diameter, and
- the water is fed from the pipe to a reservoir with a capacity of not less than 2,27 kℓ, and that it is equipped with a float valve:

Provided that where special circumstances justify it, the City of Tshwane may deviate from the above conditions. Provided further that in the case of duet houses not metered separately, the applicable kℓ in (i) to (vii) be increased by 100%.

Scale D: All consumers who do not fall under Scale A, B, C and E

The tariff applicable to a consumer for water consumed since the previous meter reading is as follows:

0 – 10 000 kℓ per 30 days' period

10 001 – 100 000 kℓ per 30 days' period

More than 100 000 kℓ per 30 days' period

Scale E: Homes for the aged and retirement centres

A quantity charge for water consumed since the previous meter reading is as follows:

- The first 30% of the water consumption per 30 days' period
- The remaining water consumption

An application may be made to the Water and Sanitation Infrastructure Planning and Implementation Division to rate the premises primarily used for housing for the aged in accordance with Scale C or Scale E.

10.2.1.1 Bulk water supply to other municipalities

- A quantity charge for water supplied since the previous meter reading as up to the volume of water as per agreement with the City of Tshwane.

- The quantity of water that exceeding the agreed purchase volume by up to 2,72% of the exceeded agreed volume.
- The quantity of water exceeding 2,72% of the agreed purchase volume by up to 5,16% of the exceeded agreed volume
- The quantity of water exceeding 5,16% of the agreed purchase volume by up to 7,87% of the exceeded agreed volume.
- The quantity of water exceeding 7,87% of the agreed purchase volume by up to 10,59% of the exceeded agreed volume.
- The quantity of water that exceeding 10,59% the agreed purchase volume.

10.2.1.2 Water loss owing to damage to the City of Tshwane's water-pipe system and/or installations

The amount payable for water loss owing to damaged pipes (nominal diameters):

- Pipes with a diameter of 40 mm or less
- Pipes with a diameter larger than 40 mm up to and including 100 mm
- Pipes with a diameter larger than 100 mm up to and including 250 mm
- Pipes with a diameter larger than 250 mm up to and including 400 mm
- Pipes with a diameter larger than 400 mm up to and including 700 mm
- Pipes with a diameter larger than 700 mm

10.2.1.3 Repair charges of damage to the City of Tshwane's water-pipe system and/or installation by other people

Nominal pipe diameters:

- Pipes with a diameter of 40 mm or less
- Pipes with a diameter larger than 40 mm up to and including 100 mm
- Pipes with a diameter larger than 100 mm up to and including 250 mm
- Pipes with a diameter larger than 250 mm up to and including 400 mm
- Pipes with a diameter larger than 400 mm up to and including 700 mm
- Pipes with a diameter larger than 700 mm

10.2.1.4 Tariff for unauthorised water consumption

- The amount payable for water consumption obtained through illegal water consumption. (Once-off levy, after which the connection will be formalised.)

Nominal diameter of connection:

- Pipes with a diameter of 40 mm or less
- Pipes with a diameter larger than 40 mm up to and including 100 mm
- Pipes with a diameter larger than 100 mm

(Spot fines may be imposed in terms of the Standard Water Supply By-law)

- The quantity charged for the water used for partly or completed constructions of:
 - Domestic houses, single storey
 - Domestic houses, double storey
 - Other buildings
 - Groundwork's including boundary walls

- Roads, paved areas, services, etc

(Spot fines may be imposed in terms of the Standard Water Supply By-law.)

- The amount payable for the water lost during the installation of an illegal water connection. (Once-off levy, after which the connection will be formalised). Levy excludes the amount payable for the volume of water consumed during the period of the illegal connection. The volume will be determined and applied retrospectively.

Nominal diameter of connection:

- Pipes with a diameter of 40 mm or less
- Pipes with a diameter larger than 40 mm up to and including 100 mm
- Pipes with a diameter larger than 100 mm.

(Spot fines may be imposed in terms of the Standard Water-supply By-law)

10.2.1.5 Tariff for unnecessary customer complaint investigations

Cost per hour or part thereof to conduct a customer complaint investigation related to water supply which primarily stems from invoicing problems. These may range from meters that have been swapped around on accounts, levies for un-authorised consumption, accounts with high water consumption, incorrect meter detail on system etc.

10.2.1.6 Water used for firefighting

The quantity charge for water used to fight fires, per kℓ.

10.2.2 Charges for connecting the water supply

The following fees are payable for supplying and laying connecting pipes and for the installation of water meters, not more than 10 m from the nearest connection point.

10.2.2.1 Metered connections

- All water connections

Size of meter

15 mm
 20 mm
 25 mm
 40 mm
 50 mm
 80 mm
 100 mm
 150 mm
 Greater than 150 mm
 Cost plus 10%

- Connections for special low-cost housing schemes

There will be no charge imposed on the beneficiary of a dwelling or erf established by means of government provided subsidy schemes for low-cost housing provided that the beneficiary complies with the Provincial Housing Board requirements for low-cost housing. The cost shall be included in the Developmental cost and be paid according to the tariff in the Schedule: Water Tariff: Part I: B.1. (a) (i) by the developer. The beneficiary will be responsible for entering into an agreement for the payment of services and paying a deposit as set out in G before being allowed to occupy the property unless a prepaid water meter is provided then no deposit will be required.

10.2.2.2 Discontinuation or restriction of the water service owing to failure of payment of municipal account

The amount payable for the discontinuation or restriction of water services owing to failure to pay:

- WR1 EPS: Restricting the water supply to a dwelling-house with an Elevated Pipe System (EPS) meter installation (reconnecting fee included)
- WR1 AGB: Restricting the water supply to a dwelling-house with an Above Ground Box (AGB) meter installation (reconnecting fee included)
- WD1: Disconnection of the water supply with pipes with a diameter of 20mm or less (reconnecting fee included)
- WD2: Disconnection of the water supply with pipes with a diameter larger than 20 mm (reconnection fee included)
- W-RIP1: Remove water installation permanently (W-RIP) (pipes with a diameter of 50 mm or less)
- W-RIP2: Remove water installation permanently (W-RIP) (pipes with diameter larger than of 50 mm)

10.2.2.3 Movable water meters

Construction connections

The applicant must apply in writing to the Water and Sanitation Infrastructure Planning and Implementation Division and make it clear for what purpose and for how long the meter is required, following which the Water and Sanitation Infrastructure Planning and Implementation Division may approve or reject the application. The applicant must undertake, upon approval of his or her application, to enter into an agreement in respect of the use of the water meter. The Group Chief Financial Officer will also levy a consumer deposit.

Diameter of meter

50 mm

10.2.2.4 Metered water connections for a sprinkler system

Diameter of pipe

- 80 mm nominal
- 100 mm nominal
- 150 mm nominal

- 10.2.2.5 Departmental cost for connections and moving of existing water pipes for township developers (tariff excludes cost for advertising for water interruptions)
- Connections for new townships to connect to the City's existing networks (maximum connecting pipe length 3 m):
 - Smaller than or equal to 160 mm nominal (excl material)
 - Larger than 160 mm nominal up to and including 250 mm nominal (excl material)
 - Larger than 250 mm nominal up to and including 355 mm nominal (excl material)
 - Larger than 355 mm nominal (excl material)
 - Moving existing water (maximum pipe length 5 m):
 - Smaller than or equal to 160 mm nominal (incl material)
 - Larger than 160 mm nominal up to and including 250 mm nominal (excl material)
 - Larger than 250 mm nominal up to and including 500 mm nominal (excl material)
 - Larger than 500 mm nominal (excl material)
 - Moving existing fire hydrant
 - Distance smaller than 2 m
 - Distance more than 2 m
 - Installation of a fire hydrant
 - Moving existing fire hydrant (excluding excavation and backfilling)
 - Distance smaller than 2 m
 - Distance more than 2 m
 - Installation of a new fire hydrant
 - Locating of existing services (per day)
- 10.2.2.6 Water supply by water tanker when available within the jurisdiction of the City of Tshwane
- For the volume of water delivered, per kℓ or portion thereof
 - Daily hire cost of water tanker: per day or part thereof
- 10.2.3 Charges in connection with the testing of water meters
- 8% of the actual volume passed at actual flow rates of less than Q_t ; and
 - 3,5% of the actual volume passed at actual flow rates of not less than Q_t in accordance with the Trade Metrology Act, 1973 (Act 77 of 1973) and SABS 1529 (various parts)
- Testing of meter:
- 25 mm diameter and smaller
 - 40-50 mm diameter

- 80 mm diameter
- 100 mm diameter
- 150 mm diameter
- 200 mm diameter
- 50 mm combination meter diameter
- 80 mm combination meter diameter
- 100 mm combination meter diameter
- 150 mm combination meter diameter

10.2.4 Charges payable in respect of water service contribution unit rates

Unit rates for water

- Rebate according to policy*

*Policy on levying contributions for the provision of Engineering Services approved on 28 October 2004.

The water consumption and sewerage outflow must be estimated according to the formulae determined by the Divisional Head: Water and Sanitation Infrastructure Planning and Implementation as published in July 2010.”

10.2.5 Miscellaneous fees

- Should the water demand of an existing building change for whatever reason or if any additions or alterations to buildings on premises, excluding erven zoned Special Residential, are to be made, an assessment of the size(s) of the water connection must be done. This application must be initiated by the owner of the erf. If a larger water connection has to be provided, the owner of the erf must bear the cost.

The connection fees indicated under item B.1. are applicable. In this instance, the existing connection will be removed and replaced by a larger one.

When the water supply to premises has been temporarily disconnected or restricted on account of the non-payment of accounts or the non-compliance with the Metropolitan Municipality's Water Supply By-Law or Regulations, the relevant tariff in B.2. is applicable before the premises may be reconnected.

When the water supply to premises has been temporarily disconnected at the request of the consumer, the consumer must pay the Metropolitan Municipality an amount equal to the actual cost.

- For work which the Metropolitan Municipality may undertake at the request of an owner or another body, and for which no charge has been fixed, the charge will be the cost to the Metropolitan Municipality of all actual expenses, including material, labour, transport, use of tools and plant, plus a surcharge of 10% on such amount in respect of overhead expenses and supervision charges.
- The following charges are payable when the service is provided at the special request of the consumer:
 - For reading or rereading a water meter:

Provided that when the electricity meter is also read at the same time, this tariff will not be applicable unless the Water and Sanitation Infrastructure Planning and Implementation Division determines otherwise.

- For relocating or lowering a connection with a maximum nominal diameter of 25 mm:

Maximum distance of 5 m
Further than 5 m

- For relocating or lowering a connection with a nominal diameter of larger than 25 mm:

At cost, with a deposit

When the water supply to premises is permanently discontinued, the water connection is removed at the expense of the Metropolitan Municipality.

Where a consumer queries the validity of an unauthorised water consumption charge the consumer shall pay the following fee in advance; provided that this fee shall only be refunded to the consumer when his/her query proved to be sustainable, paid on the next account

10.2.6 Basic charge

Subject to the provisions of Section 75A of the Local Government: Municipal Systems Act, as amended, the basic charge for any erf, stand, premises or other site, with or without improvements, except premises zoned Special Residential which, in the opinion of the City of Tshwane Metropolitan Municipality can be connected to the water main is the tariff per month or part of a month, provided that where such erf, stand, premises or other site is connected to the water main, Tariff Scales A, B, C, D and E will apply, excluding the tariff in terms of this paragraph, with effect from the date of connection.

10.2.7 Deposits

The deposit for the water consumption will be calculated as follows:

- For residential consumers (Scale A and Scale B)
- For residents of subsidised low-cost housing developments
- All other Consumers will be calculated on the value of the estimated consumption for two months
- Initially, the deposit stated in (a) above shall be used for any new connection. As soon as three months' registered consumption figures are available, the deposit shall be adjusted to twice the value of the average monthly water consumption.
- Where any deposit amounts to more than R25 000,00 the Chief Financial Officer may, at his/her discretion, accept an approved guarantee for the deposit amount.
- The status quo with regard to existing deposits will be maintained and deposits shall only be recalculated if the water supply should be disconnected or restricted due to non-payment. If such recalculation should take place, it would be done in accordance with sub-item (b) above.

- No deposit for water consumption are payable by consumers who are supplied by means of a prepaid water meter.

10.3 Sanitation

10.3.1 Charges for the conveyance and purification of domestic effluent for residential purposes

For indigent consumers officially registered at the City of Tshwane Metropolitan Municipality, the first 5,88 kℓ (98% of 6 kℓ) of water consumption per 30-day period will be afforded free of charge.

10.3.2 Agricultural holdings and farm portions for residential purposes, Single dwelling houses, Flats, Town houses and other sectional title developments on stands with more than two dwellings

Tariff are applicable to any consumer who is supplied with water and who discharges into the Municipality's sewer system, but who is not a resident within a proclaimed township:

- The quantity of waste water discharged
- The quantity of waste water discharged since the previous water meter reading calculated as a % of water supplied.

	<u>% Discharged</u>
0 – 6 kℓ per 30 days' period	98
7 – 12 kℓ per 30 days' period	90
13 – 18 kℓ per 30 days' period	75
19 – 24 kℓ per 30 days' period	60
25 – 30 kℓ per 30 days' period	52
31 – 42 kℓ per 30 days' period	10
More than 42 kℓ per 30 days' period	1

10.3.3 Homes for the aged, retirement centres and children's homes

- The quantity of waste water discharged.
- The quantity of waste water discharged since the previous water meter reading calculated as a % of water supplied.

	<u>% Discharged</u>
The first 30% of the water consumption per 30 days' period	98
The remaining water consumption	60

The application of this tariff is subject to the consumer being charged on Scale E of the water tariffs.

10.3.4 Collection of waste water by special agreement

- The quantity charge for waste water discharged
- The quantity of waste water discharged as determined by the Water and Sanitation Infrastructure Planning and Implementation Division

10.3.5 In the case of a dispute about the applicable category above, the decision of the Water and Sanitation Infrastructure Planning and Implementation Division will be final

10.3.6 Charges for the conveyance and purification of domestic effluent for non-residential purposes

Industrial sites not discharging industrial effluent

The quantity charge for waste water discharged
The quantity of waste water discharged since the previous water meter reading be calculated at 60% of the water supplied

% Discharged
60

Parks, public open spaces and botanical gardens

The quantity charge for waste water discharged
The quantity of waste water discharged since the previous water meter reading be calculated at 2% of the water supplied

% Discharged
2

Education, places of worship and sports grounds

The quantity charge for waste water discharged
The quantity of waste water discharged since the previous water meter reading be calculated at 45% of the water supplied

% Discharged
45

All other consumers

The quantity charge for waste water discharged
The quantity of waste water discharged since the previous water meter reading be calculated at 80% of the water supplied

% Discharged
80

10.3.7 Collection of waste water by special agreement

- The quantity charge for waste water discharged
- The quantity of waste water discharged as determined by the Water and Sanitation Infrastructure Planning and Implementation Division

10.3.8 In the case of a dispute about the applicable category above, the decision of the Water and Sanitation Infrastructure Planning and Implementation Division will be final.

10.3.9 Purifying of effluent for other local authorities

- The purification of effluent received from other local authorities by agreement.

10.3.10 Supply of purified waste water

- The supply of purified waste water by special agreement

- Industrial effluent charges for the City of Tshwane Metropolitan Municipality jurisdiction area
- Normal conveyance and treatment cost
 - This cost covers the normal conveyance and treatment of waste water, of quality equal to domestic waste water, via a municipal sewer pipe system to a waste water treatment plant where it is treated.
 - This cost is calculated by multiplying the combined unit conveyance and treatment cost by the volume of waste water discharged into the sewerage system. Industrial consumers will pay for all waste water discharged into the system. The unit cost is the tariff for industrial consumers with a rebate.

10.3.11 Extraordinary treatment cost

Where the pollution loading (quality) of waste water discharged into the sewerage system exceeds the pollution loading of normal waste water, the specific consumer or industrialist will have to accept responsibility for the additional treatment cost

The extraordinary treatment cost is calculated as follows:

$$T_c = Q_c t \left(0,6 \frac{(COD_c - COD_d)}{COD_d} + 0,25 \frac{(P_c - P_d)}{P_d} + 0,15 \frac{(N_c - N_d)}{N_d} \right)$$

- T_c = Extraordinary treatment cost to the consumer
 Q_c = Waste water volume discharged by the consumer in kℓ
 t = Unit treatment cost of waste water in R/kℓ
 COD_c = Total COD of waste water discharged by consumer in milligram/litre and is inclusive of both the biodegradable and non-biodegradable portions of the COD
 COD_d = Total COD of domestic waste water in milligram/litre
 P_c = Ortho-phosphate concentration of waste water discharged by the consumer in milligrams of phosphorus/litre
 P_d = Ortho-phosphate concentration of domestic waste water in milligram of phosphorus/litre
 N_c = Ammonia concentration of waste water discharged by consumer in milligram of nitrogen/litre
 N_d = Ammonia concentration of domestic waste water in milligrams of nitrogen/litre

The following are applicable:

- t = R0, 94/kℓ
 COD_d = 700 mg/ℓ
 P_d = 8 mg/ℓ
 N_d = 31 mg/ℓ

10.3.12 Non-compliance with by-law limits

Where the pollution loading (quality) of waste water discharged into the sewerage system exceeds the limits of an allowable load as prescribed in the Sanitation By-law the following formula will be applicable:

T_c	=	$Q/D.N (C_{AIP} - B_{LL}/ W_{PL}) t_{nc}$
T_c	=	Charge for non-compliance with the by-law
Q	=	Monthly volume of industrial effluent
D	=	Working days in the month
N	=	Number of exceeding
C_{AIP}	=	Average concentration of individual parameter which exceeds the limit
B_{LL}	=	By-law limit
W_{PL}	=	Water Affairs special standard limitation on the specific parameter
t_{nc}	=	Tariff

10.3.13 Inspections

An inspection fee per visit will be levied for the re-inspections of industries and new sewer connections.

10.3.14 Availability charge

The owner of any piece of land, with or without improvements, except premises, zoned Special Residential, which in the City of Tshwane's opinion can be connected to a sewer system must pay a fixed charge.

The charge for waste-food disposal units is as follows:

- The City of Tshwane may permit the effluent from a waste-food disposal unit to enter the sewer system of the premises, subject to the payment of a monthly charge.

10.3.15 Blockage removal tariff for the City of Tshwane

In areas where the municipality's sanitation infrastructure and capacity allow it, a service is provided for removing blockages from private sewers without affecting the status quo, at the cost of the owner of the property.

- For the first period of 30 minutes, or part of it
- For every extra period of 15 minutes, or part of it

In cases where a blockage complaint was lodged and a maintenance team subsequently arrives on site, but cannot gain access to the complainant's erf, a call-out charge will be levied against the complainant's account.

10.3.16 Call-out charge

For work that the City of Tshwane may undertake at the request of the owner or another body, for which no charge has been fixed, the charge will be the actual cost of the City of Tshwane for all expenses, including material, labour, transport, use of tools and plant, plus a surcharge of 10% on such amount in respect of overhead expenses and supervision fees.

10.3.17 Charges payable in respect of sanitation service contribution unit rates

- Unit rates for waste water

Waste water contributions to be made by developers of all new developments in the Tshwane area

- New townships
 - Unit rate in the case of township development per kilolitre of estimated waste water flow from each development per day
 - Rebate according to Policy*
- All new scheme amendments
 - Unit rate in the case of scheme amendments per additional kilolitre of estimated waste water flow from each development per day
 - Rebate according to Policy*

*"Policy on levying contributions for the provision of Engineering Services" approved on 28 October 2004.

The water consumption and sewerage outflow must be estimated according to the formulae determined by the Divisional Head: Water and Sanitation Infrastructure Planning and Implementation dated July 2010."

10.3.18 Monitoring of sewerage package plants serving more than one stand

The owner will be liable for the cost for the monitoring of the operations and effluent discharged by the package plant.

Package Plant type A (no larger than 250 kℓ per day design capacity)

Package Plant type B (no larger than 500 kℓ per day design capacity)

Package Plant type C (no larger than 1 000 kℓ per day design capacity)

Package Plant type D (no larger than 2 000 kℓ per day design capacity)

It will be a requirement that the owner of the package plant analyse the effluent of the package plant at their own cost and to make the results available to the City of Tshwane on request.

Non-compliance will result in the Council effecting corrective measures at the cost of the owner of the plant.

10.4 Refuse removal

Refuse removal and city cleansing services:

10.4.1 Refuse removed by means of containers or refuse bags in all areas in the jurisdiction of the City of Tshwane Metropolitan Municipality.

Builders rubble, steel, timber rests, soil, pebbles, tiles, rocks and other material not generated in gardens or households may not be disposed of in the containers. Such containers will not be serviced.

In future, a separate service will be arranged for garden refuse collection. As and when the City announced the commencement of this service in various parts of the City, garden refuse may not be disposed of in the containers in those parts of the City. Such containers will not be serviced.

Tariff per lift per month or part of a month:

Areas serviced by means of (this tariff will multiply for more services per week as well as the number of containers) –

85ℓ, 140ℓ, 240ℓ, 1 100ℓ containers and bags removed once a week – per lift
85ℓ containers removed twice a week – per lift

There is no limit to the number of containers per site. The Municipality will remove garden refuse contained in the Council's approved container at the applicable tariff.

The Municipality reserves the right to determine the type of service, the minimum number of containers and the frequency of services. Only the Municipality or its authorised agent may service or remove containers owned by the Municipality.

The service per residential area or user for the removal of refuse will be determined by the Municipal Manager.

Smallholdings not serviced by the Municipality may dispose their refuse free of charge at landfills to a maximum of 1 000 kg per month.

Garden refuse is part of the normal refuse stream and the city cleansing tariff is applicable.

A daily service is compulsory in terms of the Health Act for each and every business generating food residues.

Only containers provided by the Municipality and marked as such shall be serviced by the Municipality or its authorised agent.

Consumers must pay the applicable tariff per container at the premises irrespective of the number of containers put out for removal.

The tariff for city cleansing is levied against all premises to the equivalent of the number of refuse-removal service units that are provided or could be provided at the premises. These tariffs are applicable irrespective of who removes the generated refuse from the premises.

Damaged containers (including damage caused by the collection vehicles of the municipality but excluding fire/excessive heat damage and negligence by the user) may be exchanged by the Municipality at no cost.

The applicable charge for the replacement of fire/excessive heat damaged and lost containers and negligence in the absence of an affidavit – R100 as well as the cost of the container at the same price as the contract price of the Municipality.

All vehicles of the Municipality entering and disposing refuse at a landfill shall be charged with the applicable tariff.

All households that are registered in the indigent register are exempted from paying refuse removal and city cleansing tariffs.

All residential properties with no waste account will pay a city cleaning tariff.

Weekly service charge

85ℓ x 1 day per week (black bin)
 85ℓ x 2 days per week (black bin)
 140ℓ (2 bags) x 1 day per week
 240ℓ x 1 day per week (black bin)
 1 100ℓ x 1 day per week

Daily service

240ℓ x 5 days per week (green bin)
 240ℓ x 6 days per week (green bin)
 240ℓ x 7 days per week (green bin)
 1 100ℓ x 5 days per week
 1 100ℓ x 6 days per week
 1 100ℓ x 7 days per week

Residential property (applicable when volumes are not confirmed)

Business property (applicable when volumes are not confirmed)

10.4.2 Removal of refuse in bulk containers (containers other than 85 ℓ, 240 ℓ and 1 100 ℓ containers)

Service tariff is per container per lift and on a call for service basis.
 Tariff per cubic meter

Service tariff is per container per lift whether it is full or not. Containers must be available for removal within 10 workdays.

This service is operated on a call-for-service basis. If a regular service is preferred, the container will be serviced whether it is full or not and the full tariff for the applicable container will apply.

If workers of the Municipality must put refuse in the containers a 100% surcharge is applicable.

All domestic or business refuse that is compacted on site with a static compactor or equivalent (per compacted m³).

If the container is not accessible to lift and the vehicle has to return, a surcharge of 100% is payable.

10.4.3 Garden refuse transfer stations (bulk containers in use)

- Private individuals can dispose of garden waste at the Garden waste sites as follows:
 - Vehicles with payload (carrying capacity) of up to 1 ton, ie:
 - LDV (bakkies)
 - Vehicle trailers – ½ ton, ¾ ton and luggage trailers (eg Venter trailers)
 - LDVs with luggage trailers indicated above
 - Light Commercial Vehicles and trailers with payload above 1 ton but less than 1,3 ton, e.g.:

- Hyundai H100 bakkie
- Kia K2700 and K2500 bakkies
- Vehicles with payload above 1,3 ton

All transactions are on a monthly account basis. No cash transactions are allowed at the landfill sites.

Domestic refuse, business refuse, hazardous waste (e.g. oil, fluorescent tubes, medical waste, etc), building rubble, steel, timber rests, soil, pebbles, rocks, and logs from tree-felling activities may not be disposed of at garden refuse sites.

10.4.4 Dumping of refuse at waste disposal sites

- Garden refuse
 - At specially designated sites
 - At general waste disposal sites (vehicles with payload above 1,3 ton)
- Building rubble
 - At specially designated sites
 - At general waste disposal sites (vehicles with payload above 1.3 ton)
- Domestic waste

At general waste disposal sites (vehicles with payload above 1,3 ton)
(Note: The factor to convert ton to a cubic meter is 2,2.)
- For refuse disposed at a landfill site
 - All landfill sites: Per kg as indicated on Tarra info of vehicle or weighed.
(Also refer to Garden refuse transfer stations [bulk containers in use])
 - All transactions are on a monthly account basis and no cash transactions are allowed.
- Cover material

If in the opinion of the Municipal Manager or his delegee the materials are suitable and required for covering purposes.
- Compacted refuse

A surcharge of 100% will be levied on all vehicles that enter the landfill site with compacted refuse according to the tarra info on the vehicle if not weighed.

10.4.5 Disposal of large size waste units, eg furniture, electronic gadgets, refrigerators, etc.

Large waste units will be disposed of at designated collection spaces at waste transfer stations, garden refuse sites and waste disposal sites.

10.4.6 Cleaning of illegal dumping

Loading and removal of illegally dumped refuse and rubble

10.4.7 Temporary services

- Container rental (if removal is not required);
 - per 240ℓ container a day
 - per 1 100ℓ container a day
 - Loss of container
 - This is a cash in advance service
- Container rental (with removal required) (240ℓ, 1 100ℓ)
 - Delivery of the container – cash in advance
 - Per lift – per invoice
 - Wash car per tank emptied
 - Bulk containers
 - Wash 240ℓ container – per container per wash
- Removal of refuse outside the jurisdiction area of the municipality
- Application for waste transportation permit

The application for a waste service provider permit shall be charged a once off administrative fee of R1 612,50.

10.5 Property rates

The municipality must in terms of section 3(3) of the Act, determine or provide criteria for the determination of categories of properties for the purpose of levying different rates and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions.

A municipal council must annually review, and if necessary, amend its rates policy, and any amendments to a rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of section 16(2) of the Municipal Finance Management Act.

10.5.1 Determination of the criteria for the levying of different rates

- Different categories of rateable properties

The determination of property categories of rateable property for the purpose of levying different rates was determined according to the following criteria:

- (a) Use of the property;
- (b) Permitted use of the property; or
- (c) A combination of (a) and (b).
- Categories of rateable property for purposes of levying differential rates as informed by the criteria are determined as follows:
 - (a) Residential properties
 - (b) Business and commercial properties
 - (c) Educational institutions

- (d) Industrial properties
 - (e) Mining properties
 - (f) Municipal properties (not used by the Municipality)
 - (g) State-owned properties
 - (h) Agricultural properties
 - (i) Non-permitted use
 - (j) Vacant land
 - (k) Public benefit organisation
- Other categories of non-rateable properties in terms of the policy
 - (a) Public service infrastructure
 - (b) Protected areas
 - (c) Public worship
 - (d) Municipal properties (used by the Municipality)

10.5.2 Exemption of owners of properties

A municipality may in terms of the criteria as set out in its rates policy:

exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate, levied on their property; or grant to a specific category of owners of properties, or the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

10.5.3 Properties eligible to rate ratios

- Agricultural properties

The rate applicable on an agricultural property as contained in the definition of farm property, and as prescribed by the Municipal Property Rates Regulations which took effect from 1 July 2009:

The ratio in relation to residential property is:

Residential property 1:1	Agricultural property 1:0.25
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- Public benefit organisation properties

The rate applicable on property registered as a public benefit organisation, as prescribed by the Municipal Property Rates Regulations published in Government Notice No. 33016 of 12 March 2010 that took effect on 1 July 2010, may not exceed the ratio to the rate on residential properties where:

The ratio in relation to residential property is:

Residential property 1:1

Public benefit organisation property 1:0.25

10.5.4 Liability for rates

The levying of rates on a property will be effected in terms of the Municipality's Rates Policy as amended from time to time.

The Municipality will, as part of each annual operating budget process, determine a rate in the rand to be levied on the market value of the property in every category of properties.

Rates will be recovered monthly.

Recovery of rates due will be in accordance with the City's Collection Policy (credit and debt control).

10.6 Other services

Factors such as inflation, economic variations and trends coupled with sustainability usually affect other tariffs (such as bus services, rental of community and cultural facilities, building plans, cemeteries, etc). Tariff increases are inflation related, approximately in the order of 6% on average. Some of the charges are above inflation whereas the others remained the same.

New tariffs will be calculated based on the estimated actual cost where appropriate or to recover some costs depending on the type of community service.

11. Tariff determination process

11.1 In terms of Section 75 (A) of the MSA Amendment Act, 2002 (Act 51 of 2002), a municipality may:

- Levy and recover fees, charges or tariffs in respect of any function or service of the municipality,
- That such fees and charges levied are passed by the municipal council with a supporting vote of a majority of its members.
- The proposed tariffs will be presented to the community during Council's budget consultation processes.

11.2 Except in special circumstances, such as significant increase in the whole sale price of goods and services, the Council purchases during a year to provide services, the Council will review its tariffs during the preparation of the annual budget in accordance with the policy stated above.

11.3 Proposed tariffs will be presented to the community during Council's budget consultations process.

11.4 Immediately after the Council has determined or amended a tariff, the municipal manager must cause to be conspicuously displayed at a place installed for this purpose at all the offices of the Municipality as well as at such other places within the municipal area as she/he may determine, a notice.

- 11.5 The notice must state:
- The general purpose of the resolution,
 - The date on which the determination or amendment comes into operation, which date may not be earlier than 30 days after the determination or amendment,
 - The date on which the notice is displayed,
 - That any person who desires to object to such determination or amendment must do so in writing within 14 days after the date on which the notice was displayed, and
 - That any person who cannot write may come during office hours to a place where a staff member of the Municipality named in the notice, will assist that person to transcribe her/his objection.
- 11.6 If no objection is lodged within the period stated in the notice the determination or amendment will come into operation on the date determined by the Council.
- 11.7 Where an objection is lodged, the Municipality will consider every objection. The Council may after it has considered all objections, confirm amend, or withdraw the determination or amendment and may determine another, on the date on which the determination or amendment will come into operation.
- 11.8 After the Council has considered the objections it will again give notice of the determination, amendment or date as determined above and will also publish it as determined by the Council.

12. Conclusion

The terms of the above policy are that once it is adopted, it would in respect of S 75(1) (b) of the MFMA, be placed on the website referred to. In addition to Section 21 A of the MSA, this policy will be reviewed annually and adopted by Council before the Budgets are finalised.



BUDGET POLICY

2018/19 MTREF

BUDGET POLICY PREAMBLE

To ensure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; and to provide for matters connected therewith, within the prescripts of legislation applicable to local government.

WHEREAS Section 215 of the Constitution of the Republic of South Africa, 1996 requires the National, Provincial and Local sphere of government to draft budgets that promote transparency, accountability and the effective financial management of the economy, debt and the public sector. The Constitution, furthermore, states that budgets in each sphere of government must contain estimates of revenue and expenditure, differentiating between capital and operating expenditure; proposals for financing any anticipated deficit for the period to which they apply; and an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.

WHEREAS Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Acts 56 of 2003) requires that a Municipality approves an annual budget before the start of the financial year, adopt, maintain and implement a Budget Policy.

WHEREAS Section 56 of the Municipal Structures Act, 1998 (Act 117 of 1998) (MSA) prescribes the functions and powers of the Executive Mayor who must recommend to the municipality the Integrated Development Plan which carries the financial plan and budget projections to carry out service delivery. The Executive Mayor delegates this responsibility to the Accounting Officer to prepare the budget together with the Chief Financial Officer, senior managers and other officials.

WHEREAS Section 26 of the Municipal Systems Act, 2000 (Act 32 of 2000) requires the municipality to have an Integrated Development Plan with a financial plan, which must include a budget projection for at least the next three financial years.

And **WHEREAS** the Council has approved a five-year programme, which prescribes the management of the City's financial affairs through the determination of priorities and the planning and monitoring of the Medium-term Revenue and Expenditure Framework.

Now, **THEREFORE**, the Council of the City of Tshwane and all its entities adopt the Budget Policy as set out in this document.

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1. PREFACE

Council policies are action plans that describe how a municipality is going to achieve its vision. When councillors approve a policy, they set the broad framework within which the councillors and officials will take decisions and how they will be implemented. Efficient financial planning and management will ensure that funds are transparently planned for and will ensure sound and sustainable management of the fiscal and financial affairs of the City through the implementation of sound council policies.

The formulation of a budget policy is essential to enable the City of Tshwane to attain its strategic objectives in line with the City's forward-looking development strategy and to comply with the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA). It is envisaged that this policy may be amended from time to time, depending on legislative and/or institutional changes.

The Budget Policy is prepared on guidelines, received from National Treasury (NT) pertaining to local government and details the process and format that departments are required to follow when preparing their budget.

The policy must be read in conjunction with the relevant legislation and regulations.

2. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

Accounting

The essential process of keeping track of money, both of the revenues received and the expenditure going out.

Audit

The inspection of accounting records and testing of systems of internal control. The two main types of audits are internal and external.

Budget

The local authority's financial plan of action for a multi-financial cycle. The two types of budgets are operating and capital. The capital budget is the budget that deals with tangible assets or capital assets whilst the operating budget deals with recurrent and short-term expenditure, such as salaries, telephone costs, and fuel.

Business Plans

Narrative reports containing information on the objectives of the organisation or programme, how objectives intend to be achieved through action plans, target dates for implementation, resources required, people responsible for implementing plans, and how success in implementing action plans will be measured.

Capital Assets

Assets that are expected to be of continued use over a number of years such as bridges or buildings. The future economic benefit or potential service provision embodied in an asset is the potential to contribute, directly or indirectly, to the cash and the cash equivalent of the municipality as well as to the delivery of services.

Deficit

A deficit (shortfall or loss) occurs when more money is spent (expenditure) than the amount that was raised/levied (revenue).

Expenditure

Money spent on operating and capital expenditure.

Financial Management

A series of processes including budgeting funds; safeguarding revenue, capital and assets; monitoring performance; and financial reporting.

Financial Statements

A summary of the annual financial records of the local authority that provides a picture of the functioning of the local authority in monetary terms.

Financial Year

The financial year of local authorities runs from 1 July to 30 June of the following year.

Fruitless and wasteful expenditure

This is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Funds Management

A programme on the computer system, managed by the Financial Services Department, disabling the overspending on certain expenditure items.

Grants

Grants are amounts of money including subsidies given to local authorities by the national or provincial government to fund certain functions such as roads and storm water, sanitation, health care or emergency services etc. Grants can also be received from members of the public or other institutions. There are conditional (where conditions are set against expenditure) and unconditional grants.

Incremental Budgeting

A method of preparing the budgets in local authorities. The budget for the next financial year is based on the actual revenue and expenditure of the previous financial year adjusted for expected price increases.

Inflation

A persistent rise in the level of prices and wages throughout a country's economy thereby decreasing the value of the country's currency. If the inflation rate increases from one year to another, it means that consumers get less value for the same amount of money compared to previous years.

Integrated Development Plan

This is a plan that every local authority is required to prepare in terms of legislation. The plan should set out the economic and social development that is required by a local authority to develop and integrate communities. The plan should be based on community needs.

Interest

In the financial world, whenever someone borrows money, that person will have to repay more than they actually borrowed. This additional amount is called interest and is the profit that the lender makes from lending money to someone else.

Interest Rate

This is the amount of the interest that is charged on a loan (or received on a deposit) over a year, and it is expressed as a percentage.

Internal Controls

These are laid down internal rules, which set out the procedures which employees must comply with when executing their duties.

Loan

A loan is the sum of money that is lent to a borrower on conditions that it is repaid, either in instalments or all at once at a future date. The borrower usually has to pay the lender an agreed rate of interest.

Official

Any of the following:

- An employee of a municipality.
- A person contracted by the municipality to work as a member of staff otherwise than as an employee.
- A person seconded to a municipality to work as a member of staff.

Overspending

- Causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be.
- In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote.

Programme Budgeting

Integrated activities performed by departments to ensure the programmes set objectives are achieved.

Rates

Taxes based on market values (land and buildings) of property.

Rates Assessment

Setting out the rates payable by each ratepayer and appear on the invoices.

Rates Base

All the individual property owners and businesses that are legally required to pay rates to the local authority.

Rates Rebate

The reduction in rates that is given to categories of ratepayers and categories of properties.

Revenue

The money raised by local authorities.

Service Charges

Charges made by local authorities to consumers for the provision and consumption of services such as electricity, water, solid waste removal and sanitation.

Surplus

A surplus occurs when the amount of revenue exceeds the amount of expenditure.

Unauthorised Expenditure

Any expenditure incurred by a municipality otherwise than in accordance with section 11(3) or 15 of the MFMA and includes overspending as defined in the definition *overspending*.

Valuation Roll

The valuator rolls record the value of the land and buildings (market value) of every property within the municipal area. These property values are used to determine the rates for each ratepayer.

Virement

Virement is a process whereby the unused budget of a specific line item of expenditure is used to finance another line item of expenditure which has an insufficient budget.

Vote

A vote is one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or the functional area concerned (MFMA). A vote is thus a department as per approved structure.

Working Capital

Debtors, creditors, inventory and cash in the bank available to use for payment of employees and suppliers and financing of municipal activities.

Zero Based

As opposed to incremental budgeting, zero-based budgeting means that each year's budget is drawn up independently from that of the previous year. This means that items are not included simply because they were in the previous budget. Each item has to be justified and motivated for, and the purpose of each item is considered. All items in the capital budget are treated on a "zero basis".

3. INTRODUCTION

Alignment of the annual budget with the IDP

According to the Local Government: Municipal Systems Act, 2003 (Act 32 of 2003) (MSA), 24(1-4), the planning of local government must at all times be integrated and aligned with the planning and strategies of the national and provincial government. In addition, any organ of state that initiates legislation at a national or provincial level that affects planning at local government level must first consult with local government before the legislation can be duly effected.

The strategic objectives of the City as accommodated in the IDP and Budget:

Providing sustainable services infrastructure and human settlement;
 Promoting shared economic growth and job creation;
 Ensuring sustainable, safer communities and integrated social development;
 Promoting good governance and an active citizenry;
 Improving financial sustainability;
 Continuing institutional development, transformation and innovation.

Through aligning the City's operating and capital expenditure with the IDP objectives, the budgeting process seek to address the challenges of urbanisation and migration, economic development and job creation, service delivery, poverty, urban renewal and regeneration, globalisation, the need for information technology and the bridging of the digital divide and other related challenges. Furthermore, in addressing these challenges, the City will also align to its Built Environment Process Plan (BEPP).

The linking of the IDP and departmental business plans with the budget is illustrated in the following diagram:



The above 5 strategic pillars are:

1. A city that facilitates economic growth and job creation
2. A city that cares for residents and promotes inclusivity
3. A city that deliver excellent services and protects the environment
4. A city that keeps residents safe

5. A city that is open, honest and responsive

Everything the City does over the medium and longer term should lead to the achievement of the IDP strategic objectives. As the City celebrates the development of communities, there is also awareness of the many challenges it still faces. The City's responsibility as a local government is to ensure that the quality of life of all who live and work in Tshwane is improved. Therefore, the fight against poverty, unemployment and inequality will be further intensified to make the City liveable and resilient.

4. LEGAL ENVIRONMENT

4.1 LEGISLATION AND POLICY STRATEGY

The City of Tshwane is committed to complying with applicable legislation as it pertains to budgeting and financial management and the following legislation are relevant:

- The Constitution of the Republic of South Africa Act (Act 108 of 1996).
- The Municipal Finance Management Act (Act 56 of 2003).
- The Municipal Systems Act (Act 32 of 2000).
- The Municipal Structures Act (Act 117 of 1998).
- And other applicable by-laws, ordinance and legislation.

4.2 NATIONAL TREASURY CIRCULARS

Cognisance must be taken of all National Treasury Circulars that may have an impact on the budgeting process and procedures and the financial management thereof.

5. OBJECTIVES OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA)

The Local Government Municipal Finance Management Act, 2003 which regulates the municipal financial management, came into effect on 1 July 2004.

The objectives of the MFMA is to ensure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for:

- (a) Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities.
- (b) The management of their revenues, expenditure, assets and liabilities and the handling of their financial dealings.
- (c) Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government.
- (d) Borrowing.
- (e) The handling of financial problems in municipalities.
- (f) Supply chain management.
- (g) Other financial matters.

Chapter 4 of the MFMA furthermore outlines the municipal and municipal entities budgeting process.

6 IMPLEMENTATION OF THE BUDGET POLICY

This policy applies to all departments and all entities in the implementation of the budget.

The policy is effective from 1 July 2018.

7 OVERALL OBJECTIVES, PRINCIPLES AND ROLES

The goal of this Budget Policy is to provide all officials with guidelines with respect to the planning and implementation of the budget.

7.1 Objectives of the Budget Policy

The objectives of the Budget Policy as contained in the MFMA is –

- (a) To give effect to the provisions of Section 215 of the Constitution of the Republic of South Africa, 1996.
- (b) To give effect to the provisions of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).
- (c) To give effect to the Municipal Systems Act, 2000 (Act 32 of 2000).

7.2 City of Tshwane Financial Management Strategic Objectives

To ensure good governance, financial viability and optimal institutional transformation with the capacity to execute its mandate. Key Performance Area: Promote sound governance and ensure financial sustainability is achieved when the following are present:

- Participation
- Consensus orientation
- Strategic vision
- Effectiveness and efficiency
- Responsiveness
- Equity building
- The rule of law
- Transparency
- Accountability
- Value for money

7.3 Principles and Budget Policy Statement

The following budgeting principles must be adhered to:

- (a) The budget must be aligned to the requirements of the Municipal Standard Chart of Accounts (mSCOA) regulations of the MFMA.
- (b) The budget must be balanced and funded in terms of the MFMA.
- (c) The principle of value for money including efficiency gains.
- (d) The budget must be aligned to the Integrated Development Plan containing the targets and objectives of the City.
- (e) Tariff and Property Rate increases should be affordable and sustainable.
- (f) Municipal Cost Index (MCI) calculates the inputs and raw material costs relevant to municipalities which must also be considered when tariff increases are calculated.
- (g) In revising rates, tariffs and other charges:

- Tariffs for electricity, water, sanitation and waste removal services should be cost-reflective.
 - Increases above the upper boundary of the South African Reserve Bank's inflation target must be motivated as required by NT.
 - Standard tariffs will be applicable to all residents within the boundaries of the City of Tshwane (except where services are rendered by another service provider such as Eskom).
- (h) Funding choices must consider sustainability as determined by the funding compliance assessment which is regulated by NT.
- (i) With regard to the compilation of the capital budget:
- The outer years (year 2 and 3) as approved with the previous Medium-term Revenue and Expenditure Framework (MTREF) will be utilised as the departure point.
 - Contractually bound and on-going projects will take preference.
 - Should any funding capacity be available after funding the above mentioned, new projects will be prioritised and funded in terms of priority, value for money, benefit to the City of Tshwane and strategic objectives.
- (j) With regard to multiple funded capital projects, external funds received must first be appropriated.
- (k) No budget will be allocated for capital projects unless the request is included in the IDP and is supported by a project plan.
- Feasibility Studies must have indicated the financial viability of the project.
 - Total project costs (including projected future operational costs) must be indicated (also in terms of the MFMA).
- (l) No budget will be allocated for external funded projects unless it is gazetted or the request is supported by written confirmation from the external source on the specific grant.
- (m) Departments must ensure that their projected cash flow is aligned to their operational and capital project plans to assist with the City of Tshwane cash flow management.
- (n) Salary increases will be based on the SALGA wage agreement.
- (o) Rates and increases must take into account the need to address infrastructure backlogs.
- (p) An analysis of performance trends in terms of operational and capital budget components are undertaken, to be prioritised for the funding of identified initiatives.
- (q) Repairs and Maintenance to be increased in real-terms.

7.4 Roles and Responsibilities

7.4.1 Role of the Executive Mayor

The Council must maintain oversight over the implementation of the Budget Policy. For the purpose of such oversight, the Executive Mayor of a Municipality must –

- (a) Monitor, oversee the responsibilities assigned in terms of the MFMA to the Accounting Officer and the Chief Financial Officer, but may not interfere in the exercise of those responsibilities.

- (b) Take all reasonable steps to ensure that the municipality performs its constitutional statutory functions within the limits of the municipality's approved budget.
- (c) The Executive Mayor must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.
- (d) Evaluate whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan.
- (e) Instruct the Accounting Officer to ensure that the budget is implemented in accordance with the service delivery and budget implementation plan and that spending of funds and revenue collection proceed in accordance with the budget.

7.4.2 Role of the Accounting Officer

The City Manager is the Accounting Officer and the administrative authority for the municipality. In the first instance, the Accounting Officer is accountable to the Executive Mayor for the implementation of specific agreed-upon outputs.

In the second instance, the Accounting Officer is accountable to the Council for the overall administration of the municipality. The Accounting Officer must be fully aware of the reforms required in order to provide the Executive Mayor, Councillors, senior officials and municipal entities with the appropriate guidance and advice on financial and budget issues. Whilst the Accounting Officer may delegate to the Chief Financial Officer or other senior officials, this must be done carefully to ensure that all tasks are completed appropriately.

The Accounting Officer should -

- (a) Implement the municipality's approved budget, including taking all reasonable steps to ensure that the spending of funds is in accordance with the budget and is reduced as necessary when revenue is anticipated to be less than projected in the budget.
- (b) Ensure that revenue and expenditure are properly monitored.
- (c) When necessary, the Accounting Officer must prepare an adjustments budget and submit it to the Executive Mayor for consideration and tabling in the municipal council.
- (d) Report to the municipal council any shortfalls in the budget revenue, overspending and the necessary steps taken to prevent shortfalls or overspending.
- (e) Submit to the Executive Mayor actual revenue, borrowings, expenditure and where necessary report the variances on revenue projected and the budget.

7.4.3 The role of the Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is the administrative head of the budget and treasury office and has an essential function in assisting the Accounting Officer to carry out his or her financial management responsibilities. These areas include budget preparation, financial reporting and the development and maintenance of internal control procedures. In addition, the CFO must ensure the implementation of financial reforms at the direction of the Accounting Officer.

7.4.4 The role of senior managers and other officials

According to the MFMA, the following are the roles to be carried out by the senior managers and other officials:

- (a) That the system of financial management and internal control established for the municipality is carried out.
- (b) Ensure that the resources of the municipality are utilised effectively, efficiently, economically and transparently.
- (c) Prevent unauthorised, irregular or fruitless and wasteful expenditure and other losses.
- (d) Collection of revenue.
- (e) Safeguarding, maintenance and management of assets.
- (f) Submission of information to the Accounting Officer for compliance with the Act.

8 FINANCIAL PLANNING

8.1 Steps in the budget process

8.1.1 According to Section 53 of the MFMA, the budget process starts with the Executive Mayor. This section dictates that the Executive Mayor must provide general political guidance over the budget process and the priorities and must guide the preparation of the budget and coordinate the annual revision of the IDP.

8.1.2 In addition, the Executive Mayor of a municipality must take all reasonable steps to ensure-

- that the municipality approves its annual budget before the start of the budget year.
- that the municipality's service delivery and budget implementation plan is approved by the Executive Mayor within 28 days after the approval of the budget.
- that the annual performance agreements as required in terms of section 57(1)(b) of the Municipal Systems Act for the Accounting Officer and all senior managers comply with this Act in order to promote sound financial management; are linked to the measurable performance objectives approved with the budget and to the service delivery and budget implementation plan; and are concluded in accordance with section 57(2) of the Municipal Systems Act.

8.1.3 The Executive Mayor must promptly report to the municipal council and the MEC for finance in the province any delay in the tabling of an annual budget, the approval of the service delivery and budget implementation plan or the signing of the annual performance agreements.

8.2 Budget time schedule framework

In terms of Section 21(b) of the MFMA, the Mayor of a municipality must table a time schedule in the municipal council outlining key deadlines for the preparations, tabling and approval of the budget, at least ten months before the start of the budget year.

This schedule contains key deadlines impacting on the Corporate and Business Planning Process, Integrated Development Plan and Operational Performance in terms of the Municipal Systems Act.

8.3 Community consultation process

8.3.1 Immediately after an annual budget is tabled in a municipal council the Accounting Officer must make public the annual budget and documents; invite the local community to submit representations in connection with the budget, and submit the annual budget to the National Treasury and the relevant Provincial Treasury in printed and electronic formats.

8.3.2 After considering all budget submissions, the Council must give the Executive Mayor an opportunity to respond to the submissions; and if necessary, to revise the budget and table amendments for consideration by the council.

8.3.3 The tabling of the draft budget in Council will be followed by the extensive publication of the budget documentation. The Ward Committees play a significant role in conducting various consultative meetings to receive submissions from stakeholder's formations.

8.3.4 Other platforms of consultation are the IDP and Budget Summit and Imbizos as participants are drawn from the private sector and local and national government, regional business organisations, research institutions, etc.

9 FINANCIAL MODELLING

9.1 Long-term Financial Model

9.1.1 The City of Tshwane makes use of a Long-term Financial Model (LTFM) to inform the Medium-term Revenue and Expenditure Framework compilation. The model is updated and remodelled taking into consideration economic changes, guidelines from other National Departments, strategic and policy direction of the Municipality to ensure sustainability and goal orientated service delivery. The remodelling of the LTFM, in terms of the approved time schedule, must be completed by the end of January each year. In the event that resource allocations change owing to the remodelling of the LTFM, departments have to realign their business planning within the affordability restriction.

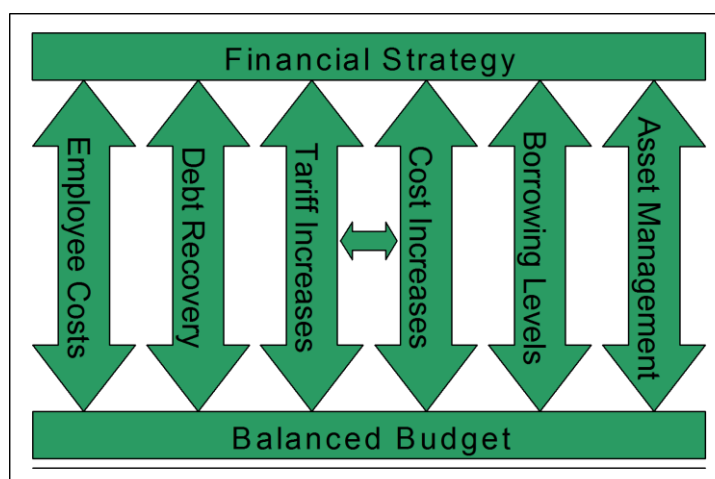
9.1.2 The LTFM is utilised to ensure financial affordability and sustainability over the medium to long-term and is considered a key financial planning tool. A salient feature of the model is the attentiveness to ultimate sustainability, not only financially but also relating to service delivery in line with the City Development Strategy imperatives/ priorities and the linkage to the 5-year Programme.

9.1.3 The financial model recognises that the development and implementation of the various financial planning reforms (eg MFMA, GRAP, mSCOA and National Treasury Financial Reforms) have fundamentally changed the approach adopted in terms of financial planning. The need for an integrated approach when appropriating resources has become essential for sustainable outcomes especially taking into consideration the size and diverse challenges of the Municipality.

9.1.4 Medium-term budgeting is based on a set of core principles that relate to:

- National Treasury and other relevant budgeting guidelines.
- Fiscal policy and budget framework.
- Policy priorities.
- Political oversight of the budget process.
- Budgeting for improved service delivery.

9.1.5 The adoption of a long-term financial model is based on various factors and financial variables which ultimately influence the budget to be adopted by Council. The following diagram illustrates the major factors that are taken into consideration, and which will primarily determine the financial approach:



9.1.6 The following are to be considered before embarking on the formulation of the LTFM:

- The economic outlook for the country (macro-economic framework).
- The balance between existing revenue and demands for expenditure under existing legislation and policy (revenue and expenditure estimates).
- The policies and programmes the local government wishes to pursue through budget expenditures (local government policies and priorities).
- The relevant accounting framework.
- Asset management principles.

9.2 The macro-economic framework

9.2.1 A macro-economic forecast has to be evaluated based on the following components:

- An analysis of the economy.
- Demographic trends related to employment, poor and child-headed households (indigents) and other factors.
- Trade projections and current account balances.
- Money supply and other monetary considerations.
- Government influences on the economy.
- Inflation, both general and by sector.
- Savings and investment trends.
- Government indebtedness.
- National fiscal and monetary policies.
- Other major events influencing the economy.

9.2.2 The macro-economic framework is guided by the following principles:

- Analysis of economic trends and the impact it will have on local government revenue and policy goals. The flexibility in design and management of a budget formulation process does not remain static.
- An understanding of the types and extent of likely revenues is needed to guide preliminary decisions about the Municipality's spending and revenue policy.
- Demographic trends have a direct and significant effect on any local government revenues and expenditures and also on local government policy.
- Develop sound budget proposals based on good understanding of both the Municipality's policy direction and existing legal requirements.

9.3 Funding of the Budget

Funding of the budget must be based on realistic revenue forecasts. The capital budget is funded from internally generated revenue, grant funding and borrowing. Long-Term borrowing may only be utilised to fund capital expenditure.

The mSCOA regulations require all the expenditure items to be linked to a funding source as set out in the funding segment of the standard chart of accounts. The exception is where the items relate to non-funded expenditure items, ie depreciation, debt impairment and all transactions related to the costing segment.

9.4 Local government policies and priorities

A major step in the process of preparing LTFM estimates is to determine the impact of current local government policies and priorities. This is done to ensure alignment of the Municipality's resources to addressing relevant government priorities. Four guiding principles are indicated below:

- The strengthening of information, analysis, and decision-making in a budget process to express specific goals and objectives.
- Local government policies must be clearly documented if they are to be understood and applied in budget formulation.
- The allocation of funds among departments and programmes must be aligned to approved priorities.

9.5 Generally Recognised Accounting Practice (GRAP)

The key aspects of GRAP application in the LTFM include capitalisation and depreciation requirements and the necessity to budget for profit or loss on asset disposal. The budget process requirements will, therefore, have to consider the further refinement of these accounting standards and policies. In addition, further classifications as may be required by the mSCOA regulations, need to be adhered to also.

9.6 Asset management (infrastructure investment and funding)

- 9.6.1 The LTFM must be updated annually, in terms of the City's asset management plan, to provide for an updating of the impact of various asset renewal strategies.
- 9.6.2 The LTFM is constructed to allow for scenario analysis to illustrate the impact of any variation in renewal levels using information from the asset management plan.

10. BUDGET COMPILATION

10.1 OPERATING BUDGET

10.1.1 Operating Revenue

10.1.1.1 The City derives its revenue from the following major revenue sources: property rates, electricity, water, sanitation, solid waste removal, operating and capital grants (from the government). The balance is derived through other minor charges such as building plan fees (direct income).

10.1.1.2 Service charges derived from trading services are levied to generate the necessary revenue to render them effectively. These services must in terms of legislation, break-even or yield a small surplus, but still within the tariff setting requirements in terms of the Systems Act. Breaking-even is important for financial sustainability of a local authority and must be reflected in the municipal budget. Subsidised and community services are mostly financed from property rates and limited subsidisation by other spheres of government.

10.1.2 Revenue Items

10.1.2.1 The mSCOA regulations outlines the revenue items to be used in the classification of local government financial transactions. The administration of this chart is managed by the Accounting Section of the Financial Reporting and Assets Division of the Group Financial Services Department. Requests for the addition of new revenue items must be submitted in writing and with full motivation to National Treasury for inclusion in the chart.

10.1.2.2 Revenue groups

Revenue items are categorised in terms of National Treasury Regulations and Reforms in the following groups:

- Agency Services
- Interest, Dividend and Rent on Land
- Operational Revenue
- Rental from Fixed Assets
- Sales of Goods and Rendering of Services
- Service Charges
- Intercompany/Parent-subsidary Transactions
- Licences or Permits
- Fines, Penalties and Forfeits
- Licences or Permits
- Property Rates
- Surcharges and Taxes
- Transfers and Subsidies
- Interest, Dividend and Rent on Land

10.1.3 Property Rates

10.1.3.1 Two factors determine the amount of property rates that a property owner must pay to the municipality: first, the assessed value of the property and second, the effective assessment rate. The total proceeds from rates, therefore, cover the shortfall on the provision of general services.

10.1.3.2 Section 3(1) of the Local Government Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) and section 62(1)(f) of the MFMA determines that a municipality must adopt and implement a rates policy on the levying of rates on rateable properties.

- 10.1.3.3 Council adopted the Property Rates Policy on 17 February 2006 following the public participation process. It must be noted that the Property Rates Policy is not a static document and has to be reviewed annually by Council during the budget process. The requirement of section 3(e) of the MPRA is to identify and quantify the cost to the municipality and any benefit to the local community, can only be determined during the budget process after the new General Valuation has been compiled.

10.1.4 Tariffs

- 10.1.4.1 Tariff charges are affected by a variety of external factors such as inflation, government directives and policies, as well as the employment and affordability demographics of the resident population. The growth parameters are set by National Treasury, consistent with the target range of the inflation band, to ensure that all spheres of government support the national macro-economic policies and targets unless it can be shown that external factors impact otherwise.
- 10.1.4.2 The tariff setting process of the City of Tshwane is guided by the various tariff policies and methodologies which provide a framework for implementing fair, transparent and affordable charges for the provision of services.
- 10.1.4.3 The following principles and guidelines should be considered in tariff setting:
- The ability of the community to pay for services received.
 - The average effect on consumer accounts.
 - Realistic revenue estimates through a conservative, objective and analytical process based on realistically expected revenue, taking into consideration available actual revenue and estimated growth percentages.
 - The impact of inflation, the municipal cost index and other cost increases.
 - An aggressive policy of collecting revenue.
 - The requirements of the various tariff policies.
 - Guidelines with regard to main services accounts.
 - Credible collection rates and collection improvement targets.
 - The ability to extend new services and the recovering of costs.
- 10.1.4.4 Tariffs for the main services will be compiled taking the revenue and tariff setting model as well as budgeting principles and guidelines into consideration.
- 10.1.4.5 The tariffs for main services, property rates and all other tariffs (eg building plan fees, swimming baths, etc) are increased annually during the budget process and are effective from 1 July.
- 10.1.4.6 In order to have the tariffs ready for inclusion in the draft budget report and documentation for community consultation purposes during April, the following should be adhered to:
- Amended tariff structures and/or calculations for other services have to be submitted to the Group Financial Services Department by not later than the end of November of the previous financial year.
 - Value Added Tax (VAT), where applicable, should be included in the tariffs for other services.
 - Tariffs for the main services (excluding VAT) and property rates have to be submitted to the Group Financial Services Department by the Utility Services department (Water and Sanitation, Electricity and Waste removal) by not later than the end of January of each year as all tariffs are to be revised annually.
 - All the tariff schedules should be in the format used for promulgation.
 - Any changes emanating since the approval of the draft budget for community consultation purposes will be included in the budget report and documentation to be considered by Council during May.

- For promulgation purposes, tariffs have to be approved by Council at least 30 days prior to the commencement of the new financial year.

10.1.5 Basic Social Package in the Indigent Policy

- 10.1.5.1 The City of Tshwane is committed to the provision of basic services to the poor.
- 10.1.5.2 The social package assists the Municipality in meeting its constitutional obligations as it comes to progressively realise the social and economic rights of its indigent residents.
- 10.1.5.3 The City of Tshwane makes use of the equitable share allocation to prioritise its budget towards the poor households.

10.1.6 Unfunded and under-funded mandates

- 10.1.6.1 Services are to be rendered to the extent of the funding provided by the sphere of government concerned. The devolution of certain national and provincial government competencies to local authorities and the funding thereof should be viewed within the context of the complex and evolving nature of inter-governmental fiscal relations and co-operative government principles contained in the Constitution.
- 10.1.6.2 The definitions of financial terms for funded, under-funded and unfunded mandates are as follows:
- Funded mandate – The revenue (the grant in particular) totally covers the related expenditure of rendering the service.
 - Under-funded/ co-funded mandate – The revenue (grant) only partially covers the expenditure and the deficit is subsequently financed (funded) by the Municipality.
 - Unfunded mandate – the total expenditure of the related mandate is financed by the Municipality on behalf of other spheres of Government.

10.1.7 Operating expenditure

10.1.7.1 Expenditure items

The budgeting and accounting system makes provision for a considerable number of expenditure items also known as general ledger accounts. Requests for the addition or renaming of items must be motivated and directed to the Budget Office for approval and then to the Accounting Services Section of the Financial Reporting and Assets Division in the Group Financial Services Department for implementation.

10.1.7.2 Expenditure groups

Expenditure items are categorised in terms of the mSCOA Item Expenditure chart:

- Bad Debts Written Off
- Bulk Purchases
- Contracted Services
- Depreciation and Amortisation
- Employee Related Cost
- Interest, Dividends and Rent on Land
- Inventory Consumed
- Remuneration of Councillors
- Operating Leases
- Operational Cost
- Transfers and Subsidies

- Statutory Payments other than Income Taxes
- Income Tax
- Discontinued Operations
- Share of Surplus/Deficit attributable to Associate
- Share of Surplus/Deficit attributable to Joint Venture
- Share of Surplus/Deficit attributable to Minorities

10.2 CAPITAL BUDGET

10.2.1 Conditions of capitalisation

According to GRAP 17 property, plant and equipment are items that:

- are held in use in the production or supply of goods or services, for rental to others, or for administrative purposes.
- are expected to be used during more than one reporting period.

10.2.1.1 Control, and not ownership, determines whether an item must be recognised as an asset in the Municipality's asset register (although control usually coincides with the transfer of ownership). In some cases, control may already have been established before actual ownership has taken effect. Due consideration must be given to ascertain whether control over the asset is certain and indeed exercised by the City of Tshwane, eg cross-boundary assets. Subsequent cost against an item of property, plant and equipment not under the control of the City of Tshwane may also not be approved and should therefore not be included in the capital budget.

10.2.1.2 The definition refers to tangible (physical) property, plant and equipment. Certain intangible assets that are directly attributable to the realisation of tangible property, plant and equipment (PPE) are also recognised. This includes all development costs related to the creation of an asset, but not feasibility studies, basic planning costs, multi-option designs, etc, as it must be certain at the time the costs are incurred that the eventual asset will indeed be realised.

10.2.1.3 Assets with a useful life of more than one year must be purchased and capitalised on the capital budget with regard to assets. Whereas items with a useful life of less than one year must be purchased against the operating budget and will be regarded as inventory.

10.2.1.4 All finance leases must be capitalised and the resulting assets registered in the City of Tshwane's asset register. A lease is classified as a finance lease, other than an operating lease, when it substantially transfers all the risks and rewards incident to ownership of the asset from the lessor to the lessee, in return for a payment or a series of payments by the lessee to the lessor.

10.2.2 Budgeting for assets

10.2.2.1 All assets (including insurance replacements) are to be acquired through capital projects registered on SAP, from where the assets will be identified and placed on the asset register once the Municipality has taken control of the assets.

10.2.2.2 Only assets approved by the IDP process will be considered for inclusion in the capital budget.

10.2.2.3 All draft capital projects must be in line with this Policy and submitted to Council for approval whereupon the Budget Office will put procedures in place to ensure that the capital projects provided for in the budget are captured in the approved system per Work Breakdown Structure.

10.2.2.4 Excess budget available on capital projects may not be used for purposes other than what the project was initially intended for. For example, excess budget available on a capital project for the building of a road (owing to savings for instance) may not be used to purchase computers on the same project.

10.2.2.5 The budget must be compiled in terms of the project chart as provided for by the MSCOA regulations.

Also refer to the Fund Transfers paragraph 11.2 of this document.

10.2.3 Recognition of the costs

- 10.2.3.1 The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:
- It is probable that future economic benefits or service potential associated with the item will flow to the entity.
 - The cost or fair value of the item can be measured reliably.
- 10.2.3.2 Costs will only be recognised as assets if it is probable that future economic benefits or service potential will flow to the Municipality. It must, therefore, be expected that the items may in future be held in use, either for the production or supply of goods or services, for rental to others or administrative purposes (expected usefulness). Current technology, the use of similar items, etc can be used to determine the expected usefulness.
- 10.2.3.3 Items of which the cost or fair value cannot be measured reliably may not be capitalised. In most cases, the cost will be readily identifiable as being the total construction cost or purchase cost of the asset. However, in some cases, it might be necessary to measure the cost by making use of estimations, independent valuations, industry standards, etc.
- 10.2.3.4 A capital project that appears on the capital budget is only partial evidence that the expenditure may need to be capitalised on incurrence thereof. Projects that have a capital appearance and nature (and have therefore been budgeted as capital) but which may not be capitalised, either partially or in full, will be adjusted to ensure that only costs that comply with this policy are capitalised. The adjustment will, therefore, be transferred to the operating account.

10.2.4 Recognition of property, plant and equipment

- 10.2.4.1 The expected use of the PPE must extend over more than one reporting period (a financial year). It, therefore, follows that the assets must each have a useful life of more than one year. Property held for the purpose of resale within a financial year, for example, is consequently recognised as current assets held for sale.
- 10.2.4.2 Capital projects started during a financial year but not yet completed at the end of the financial year will be treated as assets under construction in the financial statements.
- 10.2.4.3 Project systems (capital projects), through which assets are acquired/constructed and the resulting costs incurred must be broken down (componentised) in such a way that the individual assets, together with their respective costs and originating funding sources, are easily identifiable. This will ensure that the assets are correctly recognised and componentised on the asset register. The budgeted amount may not be released against a project unless it has been properly broken down (componentised in term of GRAP 17).
- 10.2.4.4 It is imperative that the profit centre owners/project managers notify the Asset Compliance and Control Unit immediately when their projects have been completed and the assets are ready for use as defined in terms of GRAP 17 in order to ensure the timely capitalisation of these assets on the asset register. When certain capital projects result in more than one asset being realised, during the life cycle of a project (ie before completion of the entire project), and the Municipality has taken over control of some of the individual assets, the Asset Compliance and Control Unit must be duly informed to similarly ensure capitalisation of these assets.
- 10.2.4.5 The process whereby the Asset Compliance and Control Unit is informed of the completion of a project is the marking of the project as "technically complete" by the project manager/profit centre owner.
- 10.2.4.6 The process whereby physical assets are donated to the Municipality is an exception to the capitalisation of assets through projects. However, profit centre owners remain responsible for

notifying the Asset Compliance and Control Unit of these donations, by making use of the appropriate asset management form, to ensure recognition of the donated assets on the asset register, and disclosure on the financial statements.

- 10.2.4.7 **Enhancement/Rehabilitation** is an improvement or augmentation of an existing asset (including separately depreciable parts) beyond its originally recognised service potential, for example, remaining useful life, capacity, quality, and functionality. The incurred costs must be capitalised whereas, **maintenance/refurbishment** to an asset will restore or maintain the originally assessed future economic benefits or service, potential that an entity can expect from an asset and is necessary for the planned life to be achieved, and therefore must not be capitalised as part of the cost of an asset.

10.2.5 Depreciation

- 10.2.5.1 Depreciation is according to GRAP 17, the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation forms part of the cost charged to the profit centre where the asset is used and must be included in the operating budget likewise.
- 10.2.5.2 Assets capitalised will be depreciated except land and in certain instances also heritage assets because it does not depreciate and during the preparation of the budget, depreciation will be considered with the help of the Accounting Policy.
- 10.2.5.3 An asset is depreciated over its useful life. The useful life refers to the asset's expected use to the Municipality and is an estimation based on accounting and municipal infrastructure guidelines. The useful lives are assigned to the asset classes to which the assets belong. The Municipality applies the straight-line method in the calculation of depreciation.
- 10.2.5.4 The depreciation charge for each period is recognised as an expense in the operating budget as well as the statement of financial performance.

11. BUDGET MONITORING AND REVIEW

11.1 MONITORING

11.1.1 Monitoring Financial Performance

- 11.1.1.1 It is important to monitor and review the actual and planned revenue received and expenditure incurred to ensure accountability, transparency and control in the financial affairs of all departments/votes in the City of Tshwane.
- 11.1.1.2 The public has a right to know what money is being spent on, and what decisions their elected representatives make on their behalf. It is only with this knowledge that elected officials can be held accountable for their budget planning, allocations and implementation.
- 11.1.1.3 Monitoring a budget is also conducive to better decision-making. It provides a forum for purposeful and concrete engagement between the executive, the legislatures and civil society around critical choices and outcomes.
- 11.1.1.4 In the City of Tshwane the approved budget is categorised into Operating and Capital budgets and therefore the monitoring thereof will be done accordingly. As a general rule, current operating revenue needs to be sufficient to support current operating expenditures.
- 11.1.1.5 Budget performance will be monitored and reported on throughout the year, as legislatively stipulated and in alignment with National Treasury circulars/guidelines. The heads of departments are an integral part of the budget control process and will be responsible for their individual department's financial performance.
- 11.1.1.6 Revenue and Expenditure Groups are categorised in terms of GRAP and is aligned to the approved MTREF. Different rules will be applicable to manageable and non-manageable groups of revenue and expenditure in so far as budget monitoring and control are concerned.
- 11.1.1.7 Section 71 of the MFMA requires the accounting officer to submit monthly budget statements to the mayor.
- 11.1.1.8 Funds management was implemented in the SAP financial system to assist with internal control in order to prevent over-expenditure on expenditure items. However, in exceptional circumstances when service delivery can be hampered, the CFO may, on motivation submitted by the relevant department and in line with legislation, approve and implement the necessary measures to ensure continuous service delivery, such as the temporary lifting of the funds management tool (whilst savings are identified) in order that the required payments may be effected. This practice is not supported and should be limited to exceptional cases.

Exemption of this requirement (Accounting Officer approval) is granted for purposes of preparation of the Annual Financial Statements, where the lifting of funds management is required to process the necessary corrective year-end transactions.

Departments should, however, ensure that corresponding savings are identified to offset these excess expenditures and process the required fund transfers in line with the approved fund transfer policy or by way of the annual Adjustments Budget in terms of Section 28 of the MFMA.

11.1.1.9 Overspending on Budget

Processes to authorise unauthorised expenditures

In terms of section 32 of the MFMA, 'unauthorised expenditure' may only be authorised (condoned) by the municipal council in an adjustments budget. In this regard, regulation 23(6) of the Municipal Budget and Reporting Regulations provides that:

- (6) An adjustments budget contemplated in section 28(2)(g) of the Act may only authorise unauthorised expenditure as anticipated in section 32(2)(a)(i) of the Act, and must be –
 - (a) dealt with, as part of the adjustments budget contemplated in sub-regulation (1); and
 - (b) a special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the Act.

In practice this means:

- Unauthorised expenditure that occurs in the first half of a municipal financial year may be authorised by the council in the main adjustments budget that must be tabled in council before 28 February (see regulation 23(1) of the Municipal Budget and Reporting Regulations).
- Unauthorised expenditure that occurs in the second half of the financial year, or that occurred in the first half of the year but was not authorised in the main adjustment budget (above), has to be reported in the annual financial statements. Savings need to be identified to cover the over expenditure through a special adjustment budget in terms of section 127(2).
- If the council decides not to authorise an unauthorised expenditure, then it must be recovered from the person liable for that expenditure unless the council certifies that the amount is irrecoverable and it is written off by the council.

This power to authorise unauthorised expenditure and certify unauthorised, irregular or fruitless and wasteful expenditure as irrecoverable may not be delegated to a council committee or to any administrative committee or official. It is a core competency and function of the council.

In this regard, regulation 74 of the Municipal Budget and Reporting Regulations provides that:

- (1) A council committee contemplated in section 32(2)(a)(ii) of the Act to investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure must consider –
 - (a) the measures already taken to recover such expenditure;
 - (b) the cost of the measures already taken to recover such expenditure;
 - (c) the estimated cost and likely benefit of further measures that can be taken to recover such expenditure; and
 - (d) submit a motivation explaining its recommendation to the municipal council for the final decision.

11.1.2 Cash-flow Planning

- 11.1.2.1 Monitoring the financial viability of council, particularly transactions affecting Cash Flows is essential, as it has a direct impact on Council pursuing its activities as set out in its Strategic plan. Cash flow management is critical due to the requirements of the MFMA. Section 45 provides strict parameters within which a municipality can apply short-term debt.

11.1.2.2 During the budget compilation process departments are required to do periodic planning of all revenue and expenditure for both operating and capital budgets for the following reasons:

- For monitoring of performance;
- For proper cash flow planning (eg if the Group Financial Services Department is forced to arrange for additional loans to bridge the gap caused by a deviation from the periodic planning).

11.1.2.3 Periodic planning for operating revenue and expenditure differ from the planning for capital budget expenditure in that:

- Planning for the operating budget is done per project at a transacting level in terms of mSCOA; and
- Planning for the capital budget is done per project.

11.1.2.4 Previous revenue and expenditure patterns will assist profit centre managers in setting the timing of the cash flows, but they may also be led by other factors which should also be taken into consideration.

11.1.3 Deviation Reporting: Operating and Capital Budget

11.1.3.1 The purpose of deviation reporting is to provide reasons for the deviations from the MTREF and to give details of corrective measures that will be taken.

11.1.3.2 It will be considered that a deviation of operating revenue and expenditure occurred when evidence indicates the following circumstances:

- Revenue realised less than or in excess of the amount budgeted for;
- Cumulative revenue realised less than or in excess of the cumulative amount stated in the periodic planning;
- Expenditure realised less than or in excess of the amount budgeted for;
- Cumulative expenditure realised less than or in excess of the cumulative amount stated in the periodic planning; and
- Unallocated expenditure on distribution accounts.

11.1.3.3 Based on the definition of a "Vote" in terms of the MFMA, each strategic unit/department within the Municipality is considered a "Vote" and aligned to the approved MTREF, in terms of both the capital and the operating budgets.

11.1.3.4 All revenue groups, with the exception of "Interest Earned - External Investments" (which is managed and controlled by the Group Financial Services Department), are manageable by the respective departments to the extent that is the responsibility and accountability of each Head of Department to ensure that all revenue budgeted for should be collected or billed.

Furthermore, in terms of Section 28 of the MFMA, all Heads of Department will have to inform the City Manager as Accounting Officer as soon as they have become aware that any revenue budgeted for in their respective departments, will not fully materialise or be collected/recovered, and ensure that both the revenue and expenditure levels be adjusted downwards accordingly by means of an Adjustments Budget in terms of the Mid-term Performance Review and Adjustments Budget Process as approved by the Council.

11.1.3.5 The individual head of strategic unit/department is accountable to report to the City Manager and the Chief Financial Officer on a monthly, quarterly and annual basis on deviations in all revenue.

11.1.3.6 Monitoring of variances for capital projects is the comparison of actual expenditure against expenditure targets set in the Service Delivery and Budget Implementation Plan (SDBIP) as well as the indicated milestones for the project. The project numbers are as reflected in the approved budget.

11.1.3.7 Internal reporting mechanism

- Each profit/cost centre owner is accountable to ensure that their respective profit/cost centre reconciliations are done, and furthermore that corrective measures are implemented to ensure line-item expenditure does not exceed line-item budget.
- Each month end, every profit centre owner will submit a variance report on deviated line items to their Executive Director and their Department's Financial Support Services;
- Each month end every project owner will submit a variance report on project variances to their respective Executive Director and their Department's Financial Support Services;
- This report will then be submitted to the relevant head of the department.

11.1.3.8 Management reporting

- Each month end, the Departmental Head will report on the reasons for the variances and the envisaged corrective action to be taken utilising the information supplied by the profit centre owners/executive directors/managers/head of department, and submit it to the Group Financial Services Department, Financial Performance Management Section, using the standard format report supplied by this section.
- A monthly report must be submitted to the Mayoral Committee (MC) and Council setting out the financial position and the financial results for the period under review.
- The in-year report will be submitted monthly to the Mayoral Committee and Council.

11.1.3.9 Legislative reporting

- The Accounting Officer in terms of Section 71(1) of the MFMA must submit to the Executive Mayor, National- and Provincial Treasuries by no later than 10 working days after the end of each month, a statement in the prescribed format with regard to the outcome of the municipality's monthly performance, inclusive of the cumulative actual outcome to the end of the reporting month.
- The Mayor of the municipality must within 30 days of the end of each quarter, submit the "In-year" report to the municipal Council on the implementation of the budget and the financial state of the municipality, in the prescribed format in terms of Section 52(d) of the MFMA.
- Further, Section 31(1) requires that the mayor's quarterly "In-year" report on the implementation of the budget and financial state of affairs of the municipality as required by Section 52(d) of the MFMA must be –
- in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168(1) of the MFMA; and
- consistent with the monthly budget statement for September, December, March and June as applicable; and submitted to the National Treasury and the relevant Provincial Treasury within five (5) days of the tabling of the report in the council.
- The Accounting Officer must by 25 January of each year submit the mid-year review and performance assessment in the prescribed format to the Mayor of the municipality, National Treasury and the relevant Provincial Treasury, assessing the performance of the municipality during the first half of the financial year, and as part of the review, make recommendations as to whether an adjustments budget is necessary.

11.1.4 Conditional Grants

- 11.1.4.1 All conditional grants must be spent in terms of the grant frameworks as per the annual Division of Revenue Act, Provincial Gazette and grant agreements.

11.2 FUND TRANSFERS

11.2.1 Operating Budget Fund Transfers

11.2.1.1 This policy aims at empowering the respective heads of departments to manage their respective operational budgets within the stipulations of the MFMA and to create an environment of accountability within each respective department.

11.2.1.2 A prerequisite is that all operating budget fund transfers must be authorised as follows:

11.2.1.2.1 The Departmental Group Head/Head must recommend approval of the operating budget fund transfers to the City Manager taking into consideration the City Scorecard and SDBIP targets.

11.2.1.2.2 The City Manager must approve the transfer of funds by signing the relevant documentation (report) and give careful consideration to the implications of such a transfer on service delivery.

11.2.1.2.3 Comments of the City Strategies and Performance Management Department must be requested on the proposed fund transfer taking into consideration the imperatives of the 5-year strategic plan.

11.2.1.3 This policy and all subsequent transfers will be carefully monitored by the Chief Financial Officer to ensure that all the intended transfers are within the stipulations of the proposed policy.

11.2.1.4 The Chief Financial Officer must report monthly to the Mayoral Committee on all fund transfers for that month.

11.2.1.5 The transfer of funds between projects within a Vote (Department) will only be allowed within the following stipulations:

11.2.1.5.1 No fund transfers of less than R1 000,00 will be accommodated.

11.2.1.5.2 Fund transfers in excess of R5 million against any operational project will only be allowed upon approval of the Director: Performance Management and transfers in excess of R10 million will be approved by the Executive Director: Budget Office.

11.2.1.5.3 Fund transfers of savings (budget return) identified from the quarterly released amount, within a specific project, may be allowed by the Group Financial Services Department, provided that a motivation for the transfer is provided and the impact on service delivery commitments.

11.2.1.5.4 All fund transfers will be subjected to the Item segments business rules.

11.2.1.5.6 Fund transfers will be allowed between or within Municipal Running Cost and Typical Work Stream projects, in the same Department within the same Funding Source.

11.2.1.5.7 Fund transfers will be allowed to Repairs and Maintenance Projects. Only within the same Department within the same Funding Source, but will not be allowed to move away from Repairs and Maintenance Projects.

11.2.1.5.8 No fund transfers will be allowed out of the Free Basic Services Project under the Typical Work Streams Projects of the Project Segment.

11.2.1.5.9 A saving has to be identified within the limitations of the approved expenditure item within a project within a specific group of allocations in the respective departmental budget. Furthermore, reprioritisation will be allowed between projects within a function (Vote).

- 11.2.1.5.10 Fund transfers between Regions will only be allowed against the Operating Budget (Operating Projects) within the Regional Operations and Coordination Department.
- 11.2.1.5.11 mSCOA requires that expenditure is based on the actual revenue collection for the relevant funding source. Therefore, the department must ensure that the implications of the intended transfer amount are taken into consideration bearing in mind the collection rate on the funding source linked with the affected project.
- 11.2.1.5.12 Transfers between projects within a funding source, within specific vote, may be allowed by the Group Financial Services Department, provided that a motivation for the transfer is provided and the performance of the donor project in terms of collection rate is satisfactory. Exemption of this requirement will be considered with Accounting Officer's approval.
- 11.2.1.5.13 All votes will have to ensure that the implications of the intended transfers are known and that these implications have been taken into consideration, bearing in mind their service delivery objectives and service delivery implementation plans. The Departmental Head must ensure that any proposed transfer is considered within the context of the City Scorecard and SDBIP targets.
- 11.2.1.5.14 Transfers to and from the following Expenditure Items Segment Level 2 groups will not be allowed as it will be controlled and budgeted for by the Budget Office:
- Employee Related Cost Senior Staff PCP
 - Employee Related Cost Municipal Staff PCP
 - Employee Related Cost Senior Staff Non-PCP
 - Bad Debts Written Off
 - Bulk Purchases
 - Depreciation and Amortisation
 - Discontinued Operations
 - Income Tax
 - Interest, Dividends and Rent on Land
 - Remuneration of Councillors
 - Share of Surplus/Deficit attributable to Minorities
 - Statutory Payments other than Income Taxes
 - Transfer and Subsidies
- 11.2.1.5.15 Transfers on the following Expenditure Items Segment Level 2 groups will be allowed within the Business Rule groups and dependent on the fund, project and region segments rules:
- Employee Related Cost Municipal Staff Non-PCP
 - Contracted Services
 - Inventory Consumed
 - Operating Leases
 - Operating Cost
- 11.2.1.5.16 No fund transfers will be allowed to and from any Distribution Accounts (Costing Segment) (ie Labour, Transport and Machinery and Equipment), owing to the fact that these accounts are charged out by means of hourly tariff rates or kilometres usage tariff.

Departments must utilise internal services to prevent double costing of goods and services available in the organisation. Examples in this regard are the use of external vehicle workshops while the internal workshop has capacity to undertake the work and the hiring of equipment/vehicles while similar equipment/vehicles are not utilised fully in the same or another department. Should this process not be followed it will result in fruitless and wasteful expenditure as the resources of the City of Tshwane is then under-utilised.

- 11.2.1.5.17 Transfers between expenditure items, within a specific distribution account within a specific municipal standard classification (MSC), may be allowed by the Group Financial Services Department under special circumstances (ie to correct errors in the budget or to provide for unforeseen/unavoidable expenses for which insufficient budget was approved), provided that valid reasons/motivations for the transfer is provided, sufficient savings are identified on other expenditure line items within the same specific distribution account and MSC, and the further proviso that the bottom-line budget allocation for the specific distribution account is not amended (increased or reduced).
- 11.2.1.5.18 Any amendment to the approved total budget allocation of a distribution account, or the transfer of funds between distribution accounts and profit centres, shall constitute an adjustment and be required to be included in the Municipal Adjustments Budget as prescribed by Section 28 of the MFMA.
- 11.2.1.5.19 Fund transfers between the operational and capital budget are not allowed.
- 11.2.1.5.20 Any deviation will have to be reported to the municipal Council in terms of sections 1, 15, 29, 32 and 70 of the MFMA.

11.2.2 **Capital Budget Fund Transfers**

- 11.2.2.1 Although all individual Capital Projects of the relevant Department (Vote) form the Capital Programme for that particular Vote, the transfer of funds between projects within a Vote will only be allowed within the following stipulations:
- 11.2.2.1.1 For a transfer to take place from one expenditure item within a capital project to another a saving needs to be identified. Furthermore, reprioritisation will be allowed between projects within a function (Vote) and within approved projects in the MTREF. No new projects will be created.
- 11.2.2.1.2 Fund transfers between Regions will not be allowed against the Capital Budget (Capital Projects) where there will not be any target change with the provision that MAYCO approves the fund movement.
- 11.2.2.1.2 The relevant Department must ensure that the intended transfer amount is available against the expenditure item and not committed for other purposes and clearly indicate to which expenditure item within a project the funding will be transferred.
- 11.2.2.1.3 Fund transfers will be done in the prescribed format (formal report) between individual projects within the approved Capital Programme (Vote), within the approved funding source and at the lowest level as approved according to the mSCOA chart to enable Departments to effectively implement and fast-track the delivery of services.
- 11.2.2.1.4 The Department must ensure that the implications of the intended transfer are taken into consideration bearing in mind the service delivery objectives.
- 11.2.2.1.5 The Departmental Head must ensure that any proposed transfer is considered within the context of the City Scorecard and SDBIP targets. The proposed fund transfer needs to be consulted with the respective MMC.
- 11.2.2.1.6 The relevant MMC must approve the transfer of funds by signing the relevant documentation (report) and give careful consideration to the implications of such a transfer on service delivery.
- 11.2.2.1.7 Comments of the City Strategies and Performance Management Department must be requested on the proposed fund transfer taking into consideration the imperatives of the 5-year strategic plan.

- 11.2.2.1.8 The Mayoral Committee must consider the proposed fund transfer for approval once the transfer document (report) has been signed by the Departmental Head, Accounting Officer and the relevant MMC and the City Strategies and Performance Management Department comments have been included.
- 11.2.2.2 Cognizance needs to be taken of the introduction of a programme budgeting approach with regards to the Urban Settlements Development Grant (USDG) and the Expanded Public Works Programme (EPWP) wherein:
 - 11.2.2.2.1 Transfers between projects in this specific programme will be allowed on the lowest level as approved according to the mSCOA chart with the proviso indicated in 11.2.2.1.8 above, to take place cross-cutting between Votes in exceptional circumstances, which can/will consequently result in the bottom-line (total budget) of the Departments affected to be amended/altered, owing to the transfer.
 - 11.2.2.2.2 The creation of a funding source level where it does not exist against an approved project will be allowed in order to ensure the approved transfer takes place. The requirements for this fund transfer are as follows:
 - 11.2.2.2.2.1 Department should submit a formal request to both City Strategies and Performance Management and Group Finance for a fund's transfer within the WBS.
 - 11.2.2.2.2.2 Upon receipt of this funds transfer; City Strategies and Group Finance will provide comments to the department regarding the proposed transfer within 3 days from the date of the request. The approval of the funds transfer will be approved by the City Manager and therefore the onus is on the department to ensure that this report makes it into the Mayoral Committee meetings of the City Manager.
 - 11.2.2.2.2.3 At the end of each quarter together with the financial and non-financial performance report, the Group Financial Services and City Strategies and Performance Management reflect on the funds' transfer that has taken place; both between the funding source level and within the lowest level as approved.
 - 11.2.2.2.2.4 A consolidation of these transfers will be used for compilation of the Annual Report, planning for the year ahead and adjustment of projects, SDBIP and IDP.
 - 11.2.2.2.3 It should be declared in the final Corporate Deviations Report for the year ended 30 June, to be submitted to the Municipal Council within 60 days after the end of the financial year.
- 11.2.2.3 Movements between the operating and capital budget will only be accommodated during the Adjustments Budget process and no movements between capital movables projects and operational budget will be allowed.
- 11.2.2.4 Fund transfers will be reviewed by the Financial Performance Management Division in order to ensure that all intended transfers are within the stipulations of the Budget Policy.

11.3 ADJUSTMENTS BUDGET

- 11.3.1 A municipality has to revise an approved annual budget through an adjustments budget. The adjustments budget must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue. It may also appropriate additional revenues that have become available, or it may authorise certain other adjustments elucidated in the Act. Only the mayor may table an adjustments budget in the municipal council. The adjustment budget must be submitted simultaneously with the mid-year review on or before 25 January each year.
- 11.3.2 The Executive Mayor may within 60 days after unforeseeable and unavoidable expenditure was incurred for the purpose of an emergency or other exceptional circumstance and for which no provision was made in an approved budget, table an adjustments budget.
- 11.3.3 In terms of the MFMA, essentially three conditions can be defined necessitating an adjustment budget, namely:
- Under-collection of revenue.
 - Emergency or other exceptional circumstances.
 - Mid-term budget review.
- 11.3.3.1 Under-collection of Revenue
- 11.3.3.1.1 The Accounting Officer, or the Heads of Department, must ensure that the spending of funds is in accordance with the budget.
- 11.3.3.1.2 Should a material under-collection of revenue become apparent, it will be necessary for the relevant department to revise the budgeted revenue levels to a realistic forecast. It is also necessary to revise the expenditure levels associated with this revenue downwards in proportion to the revenue budgeted. This could be undertaken with the mid-term budget review which could result in an adjustment budget.
- 11.3.3.1.3 Should the under-collection, however, be considered to be material of nature, it will be necessary for the strategic unit/relevant department to report such under-collection to the Accounting Officer as a matter of urgency to consider implementing corrective measures. Materiality is normally considered to be 10% or more of an individual item measured against the periodic planning for that item. In some cases, the magnitude of the amount concerned may suggest a deviation of less than 10%.
- 11.3.3.2 Emergency or other exceptional circumstances
- 11.3.3.2.1 The Executive Mayor may in case of an emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in the annual approved budget of the municipality in compliance with the provisions of Section 29 of the MFMA.
- 11.3.3.2.2 Section 29(3) states that if such adjustments budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorised and Section 32 of the MFMA applies.
- 11.3.3.3 Mid- term Budget Review
- 11.3.3.3.1 Municipalities are required to assess their performance during the first half of the financial year based on their respective services delivery targets, their performance indicators and financial performance. The assessment has to take place on or before 25th January each year according to Section 72 of the MFMA.

- 11.3.3.3.2 The assessment outcomes may or may not necessitate budget adjustments. In instances where an adjustments budget is necessitated, an adjustments budget has to be prepared and submitted to the Mayoral Committee, for consideration and tabling in the Municipal Council as well as recommend revised projections for revenue and expenditure to the extent that may be necessary (Section 69 of 72). It is in this vein that the two processes run in tandem and require finality on the date instructed by the Act, on or before 25th January each year.
- 11.3.3.3.3 In the event of adjustments to the distribution accounts during the Adjustments Budget process, the department concerned must indicate the corresponding effect that the adjustments will have on the secondary costs in the Repairs and Maintenance group of expenditure.
- 11.3.3.4 Procedural application
- 11.3.3.4.1 The following administrative procedure will have to be adhered to in terms of the three classifications as defined and explained under the adjustment (section 11.3.3). In the event of an emergency or exceptional circumstance occurring during the first four months of the financial year (July to October), the following procedure shall be adhered to:
- 11.3.3.4.2 When the relevant or affected senior management becomes aware of an emergency or exceptional circumstances occurring, he or she should:
- 11.3.3.4.2.1 Immediately inform the Member of Mayoral Committee (MMC) and the Accounting Officer/Accounting Officer of the emergency or exceptional circumstances that occurred.
- 11.3.3.4.2.2 Together with the Member of Mayoral Committee; the Accounting Officer and the Chief Financial Officer must convene an urgent meeting to determine:
- The extent of the emergency or exceptional circumstances.
 - The financial implications thereof.
 - Savings to be identified.
 - The urgency and consequences of actions to be taken.
 - Whether or not the emergency or exceptional circumstances can be accommodated within the allocations of the approved budget vote.
 - Whether or not the emergency or exceptional circumstances would necessitate an amendment to the approved budget.
 - Whether or not the emergency or exceptional circumstances may be dealt with during the mid-term budget and performance review.
- 11.3.3.4.3 The relevant or affected senior management must ascertain and conclude that the emergency or exceptional circumstances cannot be managed or accommodated within allocated budget allocations by way of known savings, reprioritisation of expenditure, operational gains or existing delegations, eg the Fund Transfer Policy.
- 11.3.3.4.4 Should this be the case, the relevant senior management must compile a report, in the prescribed format, and subsequently, submit the report to the Member of the Mayoral Committee and the Accounting Officer for evaluation in consultation with the Chief Financial Officer to determine whether an exceptional Adjustment Budget is necessary.
- 11.3.3.4.5 If not, the issue must be held in abeyance until the mid-term budget and performance review to be undertaken in November, December and January which could result in an Adjustments Budget being tabled during January/February of that particular financial year.
- 11.3.3.4.6 Should the issue (emergency or exceptional circumstance) necessitate the tabling of an exceptional Adjustment Budget, as to be determined by the Accounting Officer in consultation with the Chief Financial Officer, the Accounting Officer must advise the Executive Mayor as a matter of urgency.

- 11.3.3.4.7 After considering the relevant facts, the Executive Mayor can authorise the related expenditure in terms of Section 29 of the MFMA. The Executive Mayor must however table the proposed adjustment at the next Council Meeting, and should the Adjustments Budget not be passed within 60 days of the incurred expenditure, the expenditure can be considered unauthorised and Section 32 of the MFMA applies. If an expenditure is deemed to be unauthorised, as a result of non-acceptance by the Council, Section 32 applies where there is a potential for political office bearers, the Accounting Officer or other officials being held liable for the expenditure.
- 11.3.3.5 In the event of an emergency or exceptional circumstance occurring during the months of November, December or January of a particular financial year the following procedure shall be adhered to:
- The issue shall be raised during the mid-term budget and performance review of that particular department.
 - Subsequently, be included in the Adjustment Budget.
- 11.3.3.6 In the event of an emergency or exceptional circumstance occurring after the mid-term review and adjustments budget was finalised, the same procedure as stated for the first four months of the financial year, shall apply.
- 11.3.3.7 During the adjustments budget process, no fund transfers are allowed as a stable budget is required. However, the Budget Office will approve spending, without funding, during this process in exceptional cases, until approval of the adjustments budget, where-after the situation will be rectified by way of fund transfers.
- 11.3.3.8 No fund transfers will be allowed between expenditure categories after the Adjustments Budget.

11.4 Review

The policy will be reviewed annually during the budget process and to align to National Treasury directives.

Abbreviations

BPMC	Budget, Planning and Policy Monitoring Committee
CBP	Corporate and Business Planning
CDS	City Development Strategy
CFO	Chief Financial Officer
EPWP	Expanded Public Works Programme
GDP	Gross Domestic Product
GDS	Gauteng Development Strategy
GFS	Government Financial Statistic
GL	General Ledger
GNP	Gross National Product
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
LED	Local Economic Development
LTFM	Long-term Financial Strategy
MCI	Municipal Cost Index
MFMA	Municipal Finance Management Act, 2003
MMC	Member of Mayoral Committee
MPRA	Municipal Property Rates Act
MSA	Municipal Structures Act, 2000
mSCOA	Municipal Standard Chart of Accounts
MTREF	Medium-term Revenue and Expenditure Framework
NT	National Treasury
PPE	Property, Plant and Equipment
SDBIP	Service Delivery and Budget Implementation Plan
SED	Strategic Executive Director
SPU	Special Programmes Unit
USDG	Urban Settlements Development Grant
VAT	Value Added Tax
WBS	Work Breakdown Structure

Property Rates Policy

Effective Date – 1 July 2018



PREAMBLE

WHEREAS the Constitution of the Republic of South Africa, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation;

AND WHEREAS the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities and in general to meet its' obligation in terms of section 152 of the Constitution of the Republic of South Africa, 1996;

AND WHEREAS there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its development responsibilities;

AND WHEREAS income derived from property rate is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation;

AND WHEREAS, it is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also accounts for historical imbalances and the rates burden on the poor;

AND WHEREAS the Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers;

NOW THEREFORE, the Council of the City of Tshwane Municipality and all its entities adopt the **PROPERTY RATES POLICY** as set out hereinafter in this document.

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SECTION A

1. DEFINITIONS

In this policy, any word or expression to which a meaning has been assigned in the Act, bears that meaning unless the context indicates otherwise, and any expression which denotes any gender, includes the other gender or the singular only, also includes the plural and vice versa.

- 1.1 **“Act, 2004”** means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), read with its Regulations as amended;
- 1.2 **“additional rate”** means a rate, if any, in accordance with the Municipality’s Policy adopted in terms of sections 22 of the Act, 2004 read with 85 and 86 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), regarding Improvement Districts
- 1.3 **“Agent”** in relation to the owner of a property, means a person appointed by the owner of the property:- –
 - (a) to receive rental or other payments in respect of the property on behalf of the owner or
 - (b) to make payment in respect of the property on behalf of the owner;
- (a) **“Agricultural property”** means a property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for hospitality of quests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game.
- 1.4 **“Annually”** means once every financial year;
- 1.5 **“bona-fide farmer”** mean a person who owns a farm and is actively engaged in full-time farming practice on this farm and using it exclusively for agricultural purposes.
- 1.6 **“business and commercial”** as a property category for the levying of different rates means a property used for the Activity of buying, selling or trade in commodities or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business
- 1.7 **“category”**
 - (i) in relation to property, means a category of properties determined in terms of section 8 of the Act, 2004;
 - (ii) in relation to owners of properties means a category of owners determined in section 15(2);
- 1.8 **“Chief Financial Officer”** means the Group Financial Officer or the person acting in such position, of the Municipality
- 1.9 **“Constitution, 1996”** means the Constitution of the Republic of South Africa, 1996;

- 1.10 **“Council”** means the Council of the City of Tshwane Metropolitan Council established in terms of the Municipal Structures Act, 1998 read with Government Notice No. 1866 published in Provincial Gazette Extraordinary No. 128 of 30 June 2010, as amended;
- 1.11 **“Date of valuation”** means the date determined by a municipality in terms section 31(1) of the Act, 2004;
- 1.12 **“Day”** means when any number of days are prescribed for the performed of any act, those days must be reckoned by excluding the first but including the last day, unless the last day falls on Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday or public holidays
- 1.13 **“Educational institutions”** as a property category for the levying of different rates, means properties registered as such as per applicable legislation, and this includes private or public primary and secondary schools, Universities, Colleges and Crèche’s (regardless of whether subsidised or not), that are not registered for TAX exemption in terms of the Income Tax Act; 1962;
- 1.14 **“Effective date”**:-
- a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act, 2004 or
 - b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act, 2004;
- 1.15 **“Exclusion”** in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act, 2004
- 1.16 **“Exemption”** in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act, 2004;
- 1.17 **“Financial Year”** means the period commencing from 1 July in any particular year ending closing of business day on 30 June the following year;
- 1.18 **“Special rebate”** means an additional grant awarded to persons who are in receipt of an old age grant, disability grant or war veteran’s grant, and are unable to care for themselves;
- 1.19 **“improvement”** means any building or structure on or under a property excluding:-
- (i) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; or
 - (ii) buildings, structures and equipment or machinery referred to in Section 46(3) of the Act, 2004;
- 1.20 **“Income Tax Act, 1962”** means the Income Tax Act, 1962 (Act 58 of 1962), as amended;

- 1.21 **“indigent”** as a category of owner of property for the purpose of granting exemptions, rebates and reductions, means any household that is legally resident in the Republic of South Africa and resides in the Municipality’s jurisdictional area who, due to a number of economic and social factors, are unable to pay municipal rates for basic municipal services as per the City’s Indigent Policy;
- 1.22 **“industrial”** means a branch of trade or manufacturing, production, assembling or processing of finished or practically finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved and includes factories and any office or other accommodation on the same property, the use of which is incidental to the use of such factory;
- 1.23 **“land reform beneficiary”** in relation to a property, means a person who-
- a) acquired the property through
 - (i) the Provision of Land and Assistance Act, 1993 (Act 126 of 1993);
 - (ii) the Restitution of Land Rights Act, 1994 (Act 22 of 1994); or
 - b) holds the property subject to the Communal Property Association Act, 1996 (Act 28 of 1996);
 - c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 26(6) and (7) of the Constitution, 1996 be enacted after this Act, 2004 came into effect;
- 1.24 **“land tenure right”** means a land tenure right as defined in section 1 of upgrading the Land Tenure Rights Act, 1991 (Act 112 of 1991);
- 1.25 **“market value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Act, 2004.
- 1.26 **“mining”** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any mineral residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
- 1.27 **“multiple purpose”** in relation to a property means the use of a property for more than one purpose subject to section 9
- 1.28 **“municipal property”** means any rateable or non-rateable property owned by the City;
- 1.29 **“Municipality”** means the corporate administration of City of Tshwane Metropolitan Municipality which has exclusive executive and legislative authority within the Tshwane jurisdictional area as described in section 155(1) of the Constitution, 1996, established by Provincial Notice No. 6766 of 2000 dated 1 October 2000, as amended read with Government Notice No. 1866 published in Provincial Gazette Extraordinary No. 128 of 30 June 2010, as amended, in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998); and includes:
- a) an institutional administrative structure, official, or other person exercising a delegated authority or power or carrying out a function in terms of this By-law,

- or any power delegated in terms of the Corporate System of Delegations of the Municipality provided for in section 59 of Municipal Systems Act, 2000; or
- b) a service provider fulfilling a responsibility under this By-law, assigned to it in terms of section 81(2) of the Municipal Systems Act, 2000 or any other contractual assignment or law, and any amendments thereto after date of commencement and **“City”** shall have the same meaning;
- 1.30 **“Newly rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding: -
- a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date,
- b) property identified by the Minister by the notice in the Official Government Gazette where the Phasing in of a rate is not justified, or
- c) property that is the result of a sub-division or consolidation of land or new Township establishment.
- 1.31 **“non-permitted use”** as a property category for the levying of different rates, means any use of property that is inconsistent with or in contravention with the permitted use and correct zoning of such property in terms of the Town Planning or Land Use Scheme, as the case may be, in which event, and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purpose only;
- 1.32 **“occupier”** means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
- 1.33 **“office bearer”** in relation to places of public worship, means the primary person who officiates at services at that place of worship;
- 1.34 **“official residence”** in relation to places of public worship, means,
- a) a portion of the property used for residential purposes or
- b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer
- 1.35 **“organ of state”** means an organ of state as defined in section 239 of the Constitution, 1996;
- 1.36 **“owner”**:
- a) in relation to a property referred to in paragraph (a) of the definition of **“property”** means a person in whose name ownership of the property is registered.
- b) in relation to a right referred to in paragraph (b) of the definition of **“property”** means a person in whose name the right is registered;

- c) in relation to a land tenure right referred to in paragraph (c) of the definition of “**property**”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “**property**” means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “**Public Controlled**”; provided that a person mentioned below, may for the purposes of this Property Rates Policy be regarded by the Municipality as the owner of a property in the following category:-
 - (i) a trustee, in the case of a property in a trust excluding state land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or Liquidator, in the case of a property in an insolvent estate or in liquidator;
 - (iv) a judicial manager, in case of a property in the estate of person under judicial management;
 - (v) a curator, in case of a property in the estate of person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in case of a property that is registered in the name of a municipality and is leased by it;
 - (viii) a lessee. In case of property to which a land tenure right applies and which is leased by the holder of such right
 - (ix) in the case of property occupied by Provincial or National Government then the relevant department of such Government, as the case may be
 - (x) in the case of property occupied by an Embassy of a foreign Country, then such Embassy
 - (xi) In case where the council is unable to establish the identity of such person, the person who is entitled to derive benefit from the property of any buildings thereon or his legally appointed representative

- 1.37 “**pensioner**” as a category of owner of property for the purpose of granting exemptions, rebates and reductions, for purposes of the rates policy and eligibility for old age rebate, pensioner means any owner of rateable property who has reached the age of 60 (sixty) years or more, who receives a State pension as the main source of income;

- 1.38 **“permitted use”** in relation to a property, means the limited purposes for which the property may be used in terms of any restrictions imposed by-
- (i) a condition of title;
 - (ii) provision of the City's applicable Town Planning or Land Use Scheme as amended from time to time;
 - (iii) any legislation applicable to any specific property or properties; or
 - (iv) any alleviation of any such restriction;
- 1.39 **“Person”** includes a State organ, a natural and a juristic entity as the case may be;
- 1.40 **“Disability Grantees and Medical boarded persons”** as a category of owner of property for the purpose of granting exemptions, rebates and reductions, means a person who, owing to disability, is unfit to obtain by virtue of any service, employment or profession the means needed to enable him or her to provide for his or her maintenance in accordance with the Social Assistance Act, 2004 (Act 13 of 2004);
- 1.41 **“Place of public worship”** means property used primarily for the purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium, provided that the property is
- a) Registered in the name of a religious community
 - b) Registered in the name of a trust established for the sole benefit of a religious community or subject to a land tenure right.
- 1.42 **“property”** means –
- a) immovable property registered in the name of a person, including, in the case of sectional title scheme, a sectional title unit registered in the name of a person;
 - b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
 - c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
 - d) public service infrastructure;
- 1.43 **“Property Register”** means a register of properties referred to in section 23 of the Act, 2004;
- 1.44 **“protected area”** as a property category for the levying of different rates, means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003; (Act 57 of 2003)

- 1.45 **“public benefit organisation”** means a public benefit organisation specified as such and listed in Item 1 (*welfare and humanitarian*), Item 2 (*health care*), and Item 4 (*education and development*) of part 1 of the (9th) Ninth Schedule to the Income Tax Act, 1962, and must be registered as such and be in possession of a tax exemption certificate issued by South African Revenue Services in terms of the Income Tax Act, 1962,
- 1.46 **“public service infrastructure”** means publicly controlled infrastructure of the following kinds:-
- a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
 - b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water sewer;
 - c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
 - d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuel, forming part of a scheme for transporting such fuel;
 - e) railway lines forming part of a national railway system;
 - f) communication towers, masts, exchange or lines forming part of communication system serving the public;
 - g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
 - h) any other publicly controlled infrastructure as may be prescribed; or
 - i) a real right (*saaklike reg*), registered against immovable property in connection with infrastructure mentioned in paragraph (a) to (i);
- 1.47 **“Public service purposes”** in relation to the use of a property means property owned and used by an organ of states’ used primarily for purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: provided that the property is: residence
- a) Hospital and clinics
 - b) Schools, pre-schools, early childhood development centres or further education and training colleges
 - c) National and provincial libraries and archives
 - d) Police Stations
 - e) Correctional Facilities

- f) Courts of Law.
- 1.48 **“rate”** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution, 1996 and provided for in the Act, 2004 and includes an **“additional rate”**, if any;
- 1.49 **“rateable property”** means property on which a municipality may in terms of section 2 levy a rate excluding property fully excluded from the levying of rates in terms of Section 17 of the Act, 2004;
- 1.50 **“ratio”** in relation to section 19 of the Act, 2004 means the relationship between the cent amount in the Rand applicable to resident properties and different categories of non-residential properties, provided that the two relevant cent amount in the Rand (ZAR) are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;
- 1.51 **“rebate”** in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act, 2004, on the amount of the rate payable on the property;
- 1.52 **“reduction”** in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act, 2004, of the amount for which the property was valued and the rating of the property at that lower amount;
- 1.53 **“residential property” means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes**
- 1.54 **“sectional title unit”** means a section of a building together with its undivided share in the common property apportioned in accordance with the participation quota of the section in respect of a Development Scheme registered in terms of the Sectional Titles Act, 1986;
- 1.55 **“special rating area”** means a special rating area approved by the Council in accordance with the provisions of section 22 of the Act, 2004 and where applicable, in relation to Improvement Districts; includes those areas of city improvement services approved by the Municipality in terms of its’ Policy adopted in accordance with sections 85 and 86 of the Local Government: Municipal Systems Act, 2000 ;
- 1.56 **“State-owned properties”** as a property category for the levying of different rates, means property owned and exclusively used by an organ of state, excluding farm properties used for residential or agricultural purposes or not in use and properties owned by parastatals or public entities;
- 1.57 **“state trust land”** means land owned by the State –
- (i) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
 - (ii) over which land tenure rights were registered or granted; or
 - (iii) which is earmarked for disposal in terms of the Restitution Land Rights Act, 1994 (Act No. 22 of 1994);

- 1.58 **“Township Development”** this category is for properties held under deed of title (Township Title) in respect of which a township register was opened but shall exclude those portions in respect of which a Certificate of Registered Title was issued by the Registrar of Deeds Office;
- 1.59 **“Town Planning Scheme”** means the Town Planning Scheme of the Municipality and includes the Land Use Scheme of the Municipality, as amended, as the case may be;
- 1.60 **“vacant land”** as a category of rateable property for the levying of rates, means any land, other than farm land and / or smallholding, where no immovable improvements in accordance with the City’s Town Planning Scheme were erected in line with approved building plans and Certificate of Occupancy having been issued by the Municipality;
- 1.61 **“approved building plans”** means building plans approved by the Municipality in terms of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977),
- 1.62 **“office hours”** means the hours between 07:30 (7:30 AM) and 15:30 (3:30 PM) on any normal working business day;
- 1.63 **“municipal valuer”** or **“valuer of the municipality”** means the person designated by the Municipality as municipal valuer in terms of section 33(1) of the Act, 2004;
- 1.64 **“Sectional Titles Act, 1986”** means the Sectional Titles Act, 1986 (Act 95 of 1985), as amended.

2 GUIDING PRINCIPLES

This Property Rates Policy is guided by the following principles:-

- a) Equity, i.e. that all categories of property and categories of owners be treated equitable in relation to each other.
- b) Affordability for the taxpayer, i.e. that the rate policy should take into account issues of affordability across categories of owners.
- c) Poverty Alleviation, i.e. that the rate policy should facilitate poverty alleviation within the context of the mechanism at its disposal.
- d) Social and Economic Development, i.e. that the rate policy should be cost efficient and should enhance the financial sustainability of the municipality.
- e) Financial sustainability, i.e. that the rate policy should utilise the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.
- f) Cost efficiency, i.e. That the administrative cost related to rate policy is minimal taken into consideration amounts required to finance exemptions, rebates, reductions and phase –in of rates as approved by the municipality.

- g) Community Participation, i.e. that municipality will in amending this policy commits itself to a process of community participation and will engage interested parties and structures such as ratepayers' organisations and ward committees.
- h) Encourage development of property in the City, that the rate policy does not discourage improvements of properties within jurisdiction area of the municipality.
- i) Access to collective municipal goods and services such as but not limited to; roads, medical clinics, traffic infrastructure, firefighting facilities, libraries, parks, recreational and sports facilities.
- j) Access to basic and other municipal services such as but not limited to; water, sewage, electricity, waste removal and other collective public services.

3 OBJECTIVES OF THE RATES POLICY

3.1 The objectives of this Policy are:-

- (a) To determine categories of properties for purpose of levying difference rates
- (b) To determine categories of owners of properties for purpose of granting exemption, reduction and rebates
- (c) To be consistent with the Act, 2004, and
 - (i) Treat persons liable for rates equitable
 - (ii) Promote local, social and economic development
 - (iii) Determine criteria for determination of:
 - (aa) Categories of properties for purpose of levying difference rates
 - (bb) Categories of owners of properties for purpose of granting reduction and rebates
 - (cc) Categories of properties for the purpose of granting exemption, reduction and rebates
 - (dd) Determine criteria to be applied if municipality levies different rates for different categories of properties
 - (ee) Determine how the municipality's power in terms of section 9 (1) will be exercised in relation to properties used for multiple purposes

3.2 The Municipality will take into account what the effect of imposing rates will have:-

- a) on the poor and include appropriate measures to alleviate the rates burden on them;
- b) on organisations conducting public benefit organisations where property registered in their name is used to the benefit of the general public;

- c) on public service infrastructure;
- d) general affordability of rates by those affected by such rates.

3.3 In respect of agricultural property, give effect to the regulation promulgated in terms of section 19(1)(b) of the Act, 2004.

4 **ADOPTION OF PROPERTY RATES POLICY**

4.1 A Community consultation process will be followed by way of public notice displayed through communication channels approved by the Chief Financial Officer in order to offer community and interested stakeholders a fair opportunity to submit their comments and submit presentations.

4.2 The Rates Policy will conspicuously be displayed for public inspection during normal office hours for an uninterrupted continuous period of at least 30 (thirty) days at the following addresses:-

- a) Municipal Head Office;
- b) Satellite Offices;
- c) Libraries;
- d) Customer Care Centres;
- e) On official website; and
- f) Such other places which the Chief Financial Officer may deem appropriate.

stating that:-

- (i) the Rates Policy is available at the municipality's head office, satellite offices, Libraries and Customer Care Centres for public inspection during office hours and stating also that copies are available on official website;
- (ii) inviting local community and interested stakeholders to submit comments and representations to municipality on or before the closing date for comments which date may not be less than 30 (thirty) days from date of publication

4.3 The Municipality will, upon completion of the community consultation processes, adopt the Property Rates Policy having due regard to submissions received from all legitimate stakeholders.

SECTION B

5 DETERMINATION OF THE CRITERIA FOR THE LEVYING OF DIFFERENT RATES

5.1 Different categories of rateable properties

5.1.1 Categories of rateable property for the purpose of levying different rates, are determined according to the following criteria:-

- (a) Use of the property
- (b) Permitted use of the property or
- (c) A combination of (a) and (b)

5.1.2 The municipal valuer will be responsible for

- (a) the categorising of rateable properties in accordance with this policy, and
- (b) the maintenance thereof,

provided that any change in the actual use of the property, may in the discretion of the said valuer, be changed to the appropriate category in accordance with the Policy.

5.1.3 Categories of rateable property for purposes of levying differential rates as informed by the criteria are determined as follows:-

- (a) residential properties;
- (b) business and commercial properties;
- (c) educational Institutions;
- (d) eco-tourism & game farm
- (e) industrial properties;
- (f) mining properties;
- (g) municipal properties (not used by the Municipality);
- (h) State-owned properties;
- (i) agricultural properties;
- (j) non-permitted use;
- (k) vacant land;
- (l) Public Benefit Organisation; and
- (m) Township Development

5.1.4 Residential Properties

- a) In addition to the impermissible rate on the first R15,000 (fifteen thousand) of the market value of specific categories of a property as referred to in paragraph 4(v) above, a further R 115,000 (hundred and fifteen thousand), reduction on the market value of a property will be applicable;

5.1.5 Properties eligible to Rate Ratios

- a) Agricultural Properties

The meaning of the phrase “agricultural property” in terms of interpreting this property category for the purpose of determining the ratios in addition, in terms of the Act is defined as follows:

“property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for hospitality of guests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game.”

Therefore any farm property that is used for anything other than agricultural activity, such as for industrial activity, residential purposes, business and commercial activity, trading in or hunting of game or eco-tourism among others is not covered by the ratio for agricultural property. The properties outside the meaning of “agricultural property” defined as outlined above and in the Regulation should be treated according to the municipality’s rates policy as far as it applies to those categories of property (e.g. residential, business, commercial, industrial etc.)

The rate applicable on agricultural property as contained in the definition of farm property, and as prescribed by the Municipal Property Rates Regulations which took effect from 1 July 2009:

The ratio in relation to residential property is:

Residential property:	1:1
Agricultural property:	1:0.25

- b) Properties owned and used by Public Benefit Organisation:-

The rate applicable on property registered as Public Benefit Organisation, as prescribed by the Municipal Property Rates Regulations published in Government Notice No. 33016 of 12 March 2010 that took effect on 1 July 2010, may not exceed the ratio to the rate on residential properties where:

The ratio in relation to residential property is:

Residential property:	1:1
Public Benefit Organisation property:	1:0.25

6 PROPERTY USED FOR MULTIPLE PURPOSE

6.1 A property used for multiple purposes will, for rates purposes, be assigned to a category determined by the municipality for properties used for:-

- a) a purpose corresponding with the permitted use of the property;
- b) a purpose corresponding with the dominant use of the property; and
- c) multiple purposes

provided for in terms of sections 8 and 9 of the Act, 2004.

6.2 A rate levied on a property assigned in terms of subsection (1)(c) to a category of properties used for multiple purposes will be determined by:-

- a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used and in the absence of thereof; in a manner deemed appropriate by the Chief Financial Officer; and
- b) applying the rates applicable to the categories determined by the municipalities for properties used for those purposes to the different market value apportionment.

7 LEVYING RATES ON SECTIONAL TITLE SCHEMES

A rate on property which is subject to a sectional title scheme will be levied in accordance with sections 10 and 92 of the Act, 2004, on the individual sectional title units in the scheme and not on the property as a whole.

8 AMOUNT DUE FOR RATES

8.1 A rate levied by a municipality on property will be an amount in the Rand (ZAR):-

- a) on the market value of the property;
- b) in case of the public service infrastructure, on the market value of the public service infrastructure less 30% (thirty percent), of that value as contemplated in section 17(1)(a) of the Act, 2004 or on such lower percentage as the Minister may determine in terms of section 17(4) of the Act, 2004; or
- c) in case of the residential property, on the market value of the property less R 15,000.00 (fifteen thousand).

8.2 A rate levied by municipality on residential properties with a market value below the prescribed valuation level may, instead of a rate determined in terms of subsection (1), be a uniform fixed amount per property

9 PERIOD FOR WHICH RATE MAY BE LEVIED

- a) When levying rates, a municipality must levy the rate for a financial year, and in terms of section 12 of the Act, 2004 such rate lapses at the end of the financial year for which it was levied.
- b) The levying of rates shall form part of the Municipality's annual budget process; and the Municipality shall during its' annual budgetary process review the amount in the Rand (ZAR).
- c) A rate levied for a financial year may not be increased during a financial year as provided for in Section 28(6) of the Municipal Finance Management Act, 2003.
- d) A rate becomes payable as from the first day of a financial year; provided that the same may be recovered by the Municipality on a monthly basis in accordance with section 26(1)(a) and 26(2)(b) of the Act, 2004.
- e)
- f) Deferment of payment of a rate or rates will only be allowed under special circumstances in line with a special resolution of Council to that effect.

10 COMMENCEMENT OF RATES

A rate becomes payable:-

- a) As from the start of a financial year
- b) If the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including a resolution levying rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

11 PROMULGATION OF RESOLUTIONS LEVYING RATES

- 11.1 A rate is levied by a municipality by resolution passed by the municipal council with a supporting vote of a majority of its members
- 11.2 A resolution levying rates in a municipality will be annually promulgated within 60 (sixty), days from the date of the resolution, by publishing the same in the *Provincial Gazette* in accordance with section 14 of the Act, 2004 read with section 75A of the Local Government: Municipal Systems Act, 2000.
- 11.3 The resolution will:-
 - (a) Contain the date on which the resolution levying rates was passed
 - (b) Difference between categories of properties
 - (b) Reflect the cent amount in the Rand (**ZAR**) rate for each category of property
- 11.4 The Municipality shall without delay make public such resolution in accordance with paragraph 4.2 of this Policy which will apply *mutatis mutandis*.

SECTION C

12 EXEMPTIONS, REDUCTIONS AND REBATES

In order to qualify as specific categories of owners of properties, owner of property must meet the following criteria to be exempted, granted reduction or special rebates:-

- a) The owner of the property must be indigents.
- b) Owner of the property must dependent on pensions or social grants for his or her livelihood.
- c) Owner of the property must temporarily without income.
- d) Owner must own property situated within an area affected by:
 - (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No: 57 of 2002)
 - (ii) Any other serious adverse social or economic conditions
- e) Owner of residential property with market value lower than an amount determined by the municipality.
- f) Owners of properties must be disability Grantees and Medical boarded persons.

The following owners of rateable property may be granted further rebates on rates as Stipulated hereunder:-

12.1 Indigent households

Indigent owners of the properties, as determined by Social development division, will be granted 100% (hundred percent) rebate on the rates payable on their properties.

12.2 Pensioners, Disability grantees and/or Medical boarded persons

12.2.1 Pensioners

Pensioners may receive a rebate as determined by the Council, subject to the conditions provided for in this Policy.

In order to qualify for an exemption, reduction or rebate the applicant(s) must be:-

- a) a registered owner(s) of the property;
- b) 60 (sixty) years or more of age upon application;
- c) with reference to the property concerned, consisting of only one dwelling and no part thereof may be sub-let or occupied save by those of the applicant's spouse, if any, and dependants without income;

- d) submitting proof of his/her age and a valid identity document;
- e) submitting proof of monthly income from all sources (including the income of the spouse of the owner) and collectively should not exceed an amount of R 12,500.00 (twelve thousand five hundred) per month as determined by Council (i.e. not exceeding R 150,000.00 (one hundred and fifty) per annum);
- f) paid in full in respect of its' / their account, alternatively an arrangement to pay the debt should be operative;
- g) the owners of the object which is categorised as “**residential**”; and
- h) not receiving an indigent assessment rate rebate.

12.2.2 Disability grantees and/or Medical boarded persons;

Disability grantees and/or Medical boarded persons may receive a rebate as determined by the Council, subject to the following conditions:-

- a) be registered owners of the property;
- b) provide medical proof of disability and/or certification by a Medical Officer of Health;
- c) the property concerned must consist of one dwelling and no part thereof is sub-let, be occupied only by the applicant and his/her spouse, if any, and dependants without income;
- d) must submit proof of his/her age and a valid identity document;
- e) must submit proof of monthly income from all sources (including the income of the spouse of the owner) and collectively should not exceed an amount of R 12,500.00 (twelve thousand five hundred), as determined by Council (not exceeding R 150,000.00 (hundred and fifty thousand), per annum);
- f) the applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- g) the property must be categorised as “**residential**”; and
- h) not be in receipt of an indigent assessment rate rebate.

The rebates in terms of this paragraph 12.4 will lapse:-

- (i) on the date following the date on which such benefitted person passed away;
- (ii) in case of alienation of the property, on the date on which the registration of transfer of the property was registered by the Registrar of Deeds into the name of the new owner;
- (iii) when applicant ceases to reside permanently on the property; or
- (iv) on 30 June of each year when such beneficiary must have submitted a new application for a rebate for the following financial year, such application to be submitted to the Municipality by no later than the end of October preceding such expiry.

The percentage rebates granted to different gross monthly household income levels will be determined according to the schedule below:

Minimum Gross Monthly Household income	Maximum Gross Monthly Household income	% Rebate (percentage)
0.00	7,000.00	60
7,001.00	8,000.00	50
8,001.00	9,000.00	40
9,001.00	10,000.00	30
10,001.00	11,000.00	20
11,001.00	12,500.00	10

12.3 Owners temporarily without income

Owners temporarily without income owning:-

- a) properties situated within an area affected by natural disaster and declared as such;
- b) properties that have been damaged by a natural disaster, as defined in terms of the Disaster Management Act, 2002 (Act No 27 of 2002), may be re-valued on application; or
- c) property which was damaged by causes other than that defined by the Disaster Management Act, 2002 and such damage renders the property uninhabitable, may be granted temporarily relief from payment to the municipality upon application, from the date of damage to the property;

SECTION D IMPERMISSIBLE RATES

13 CONSTITUTIONALLY IMPERMISSIBLE RATES

The municipality will levy rates on property in a manner which do not materially and unreasonably prejudice the matter listed in section 229(2)(a) of the Constitution, 1996 having regard to the following criteria:-

- a) need for promotion of economic growth;
- b) effective co-ordination of economic policy across the three spheres of government;
- c) consistency with macro-economic priorities of maintaining low and stable inflation rate;
- d) rates would to a greater extent be set commensurate with the extra costs of providing local government services so that ratepayers are not unnecessarily overburdened;
- e) rates should be set taking cognisance of other local government charges, levies and taxes to ensure overall efficiency in municipal service provision and the ability of ratepayers to fulfil all these municipal financial obligations;
- f) the need to increase competitiveness of exporting businesses located within the municipal area, to support small business development and to foster rapid job creation;
- g) the need to attract and promote both national and foreign capital investment, and
- h) consistency with broad developmental priorities.

14 OTHER IMPERMISSIBLE RATES

Municipality shall not levy a rate:-

- a) on the first 30% (thirty percent), of the market value of public service infrastructure;
- b) on protected Areas including those parts of special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Protected Areas Act 2002 (Act No 57 of 2002) or of national botanical garden within the meaning of National Environment Management: Bio-diversity Act 2004, which are not developed or used for commercial, business, agricultural and residential; The exclusion from rates of such properties lapses if the declaration of that properties as a special nature reserve, National park or nature reserve or botanical garden or as part such reserve;
- c) on mineral rights or mining permit;

- d) on property belong to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses:-
 - (i) 10 (ten) years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds or
 - (ii) Upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse
- e) On the first R 15,000 (fifteen thousand) market value of residential assigned in the valuation roll or supplementary valuation of the municipality to a category determined by the municipality:
 - (i) for residential properties
 - (ii) For properties used for multiple purposes, provided one or more components of the property are used for residential purposes
- f) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by the office bearer of that community who officiate at services at services at that place of worship
- g) In addition to the impermissible rate on the first R15,000.00 (fifteen thousand) of the market value of residential property above, a further R 115,000.00 (hundred and fifteen thousand) reduction on the market value of residential property is applicable

15 COMPULSORY PHASING – IN OF CERTAIN RATES

- a) A rate levied on property belonging to a land reform beneficiary will, after the exclusion period has elapsed, be phased in over a period of three financial years
 The phasing- in discount on the property will
 - (i) in the first year, be at least 75 percent of the rate for that year
 - (ii) in the second year, be at least 50 percent of the rate for that year
 - (iii) in the third year, be at least 25 percent of the rate for that year

SECTION E

LIABILITY FOR RATES

16 PROPERTY RATES PAYABLE BY OWNERS

- a) Rates levied by the Municipality on a property must be paid by the owner of the property.
- b) Joint owners are jointly and severally liable for the amount due for rate on that property.
- c) The Municipality will, in respect of agricultural property that is owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the Subdivision of Agricultural Land Act, 1970 (Act No 70 of 1970), consider whether in the particular circumstance it would be more appropriate for the Municipality to:-
 - (i) hold any one of the joint owners liable for all rates levied in respect of the agricultural property concerned; or
 - (ii) hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.
- d) Rates will be levied monthly.
- e) Where the rates levied on a particular property have been as a result of a supplementary valuation made in terms of Section 78(1) of the Act, 2004, these rates will be payable with effect from the dates as contemplated in section 78(4) of the Act, 2004.
- f) Collection of rates due will be done in terms of the City's Credit Control and Debt Collection Policy and By-laws as amended from time to time.

17 PAYMENT OF RATES OF PROPERTY IN A SECTIONAL SCHEME

- a) A rate levied by a municipality on a sectional title unit is payable by the owner of the unit or the holder of a right contemplated in section 25 or 27 of the Sectional Titles Act, 1986
- b) A municipality may not recover the rate on a sectional unit, or on a right contemplated in section 25 or 27 of the Sectional Titles Act, 1986 registered against the sectional title unit or any part of such rate, from the body corporate controlling a sectional title scheme, except when the body corporate is the owner of any specific sectional unit or the holder of such right
- c) A body corporate controlling a sectional title scheme may not apportion and collect rates from the owners of the sectional title units in the scheme

18 METHOD AND TIME OF PAYMENT

A municipality may recover a rate

- a) On monthly basis
- b) Payment of rate may be deferred but only if the rates levied to account is disputed

19 ACCOUNTS TO BE FURNISHED

- a) A municipality will furnish each person liable for the payment of a rate with a written account specifying:
 - (i) The amount due for rates payable;
 - (ii) The date on or before which the amount is payable;
 - (iii) How the amount was calculated;
 - (iv) The market value of the property;
 - (v) If the property is subject to any compulsory phase-in discount in terms of section 21. The amount of the discount
- b) A person liable for a rate must furnish the municipality with an address where correspondence can be directed to
- c) A person is liable for payment of a rate whether or not that person has received a written account, if a person has not received a written account, that person must make the necessary inquiries from the municipality

20 RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

- a) Where an amount due for rates levied in respect of a property remains unpaid by the owner of the property after the final date of payment, the Municipality may recover such amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier; provided that the Municipality will recover an amount only after the municipality has served a written notice on the tenant or occupier; provided that it shall for all intent and purpose be deemed that the monthly rental will not be less than the amount of the monthly current account reflected on the data base of the Municipality's accounting system.
- b) The amount which the Municipality may, subject to paragraph (a) above, recover from the tenant or occupier of a property will be limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property
- c) Any amount the municipality recovers from the tenant or occupier of the property may be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner

- d) The tenant or occupier of a property must, on request by a municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality

21 RECOVERY OF RATES FROM AGENTS

- a) The Municipality will, despite the Estate Agents Affair Act, 1976 (Act No 112 of 1976), as amended, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality
- b) A municipality will recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent
- c) The amount a municipality will recover from the agent will be limited to the amount of any rent or other money received by the agent on behalf of the owner, less any due agent commission to the agent
- d) The agent must, on request by a municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the determined.

SECTION F: MORE INFORMATION

22 MUNICIPAL REGISTER OF PROPERTIES

- a) The Municipality will draw up and maintain a register in respect of properties situated within its area of jurisdiction, consisting of a Part **A** and a Part **B**.
- b) Part **A** of the register consists of the current valuation roll of the municipality including any supplementary valuation rolls of the municipality prepared in terms of section 78 of the Act, 2004.
- c) Part **B** of the register will specify which properties on the valuation roll or any supplementary valuation rolls are subject to:-
 - (i) an exemption from the rate in terms of section 15 of the Act, 2004;
 - (ii) a rebate on or a reduction in the rate in terms of section 15 of the Act, 2004;
 - (iii) a phasing –in of the rate in terms of section 21 of the Act, 2004; and
 - (iv) an exclusion referred to in section 17(1) (a) (e) (g) (h) and (l) of the Act, 2004.
- d) The register will be open for inspection by the public during office hours and will also be placed on official website in accordance with paragraph 4.2 which will apply *mutatis mutandis*.

23 INSPECTIONS OF AND OBJECTIONS TO THE VALUATION ROLL

- a) Once the Council has given notice that the valuation roll is open for public inspection, any person may, within the period as stated in the notice:
 - (i) Inspect the roll during office hours
 - (ii) On payment of a reasonable fee, request the municipality during office hours to make extract from the roll
 - (iii) Lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.
- b) An objection must be in relation to a specific individual property and not against the valuation roll as such.
- c) A municipal manager will, within 14 days after the end of the period stated in the notice, submit all objections to municipal valuer, who must promptly decide and dispose of the objections
- d) The lodging of an objection does not defer liability for payment of rates beyond the date determined for payment.

24 DATE OF IMPLEMENTATION

This rates policy takes effect from 1 July 2018 and will be reviewed annually during the budgetary process of the Municipality.

25 DISCLAIMER

Subject to section 102 of the Local Government: Municipal Systems Act, 2000 a rate may be challenged on the basis of non-compliance with the rates policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Municipality has failed to properly apply the provisions of the Rates Policy, he/she/it submit a dispute in terms of sections 102 and 95(f) of the said Municipal Systems Act, 2000 in the manner and format determined by the Chief Financial Officer.

26 DELEGATION OF POWER

Safe as otherwise provided for in this Property Rates Policy, the Chief Financial Officer shall be empowered to apply and administer all powers pursuant thereto.

SECTION G

ADDENDUM

27 MISCELLANEOUS-

1. It is the responsibility of the owner to make sure that they peruse the valuation roll.
2. The valuation roll will be continuously amended through the supplementary valuation
3. Beneficiary of property as per human settlement will be regarded as owner of the properties and liable for payment of rate
4. A person in possession of a long term lease will be regarded as owner of the property and liable for payment of rate
5. The indigent registration process will be followed to register the owner of the property as indigent in order to be considered for special rebates.
6. Organisations registered as Public Benefit Organisations need to submit their PBO tax exemption certificates as received from SOUTH AFRICAN REVENUE SERVICES annually.

City of Tshwane Rate Ratio 2018/2019

Category	Ratio
Residential properties	1:1
Business and commercial properties	1:2.943
Educational Institutions	1:3
Echo-tourism and Game Farm	1:3
Industrial properties	1:2.943
Mining properties	1:3
Township Development	1:3
Municipal properties	
State-owned properties	1:3
Agricultural properties	1:0.25
Non-permitted use	1:7,5
Vacant land	1:3.65
Public Benefit Organisation	1:0.25

PROPERTY RATES BY-LAWS

To provide for By-laws to give effect to the rates policy of the municipality in terms of section 6 of the Local Government: Municipal Property Rates Amended Act, 2014 (Act 29 of 2014), and to provide for any matters incidental thereto.

PREAMBLE

WHEREAS the Constitution of the Republic of South Africa, 1996, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation;

AND WHEREAS the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;

AND WHEREAS there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;

AND WHEREAS income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory laws;

AND WHEREAS it is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor;

AND WHEREAS the Constitution and other legislation confers on the Municipality the power to regulate the exercise by municipalities of their fiscal powers; and

AND WHEREAS the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) came into effect on 2 July 2005.

BE IT THEREFORE ENACTED by the City of Tshwane Metropolitan Municipality, as follows:

CHAPTER 1

Definitions

In these by-laws, any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Amendment Act, 2014, bears that meaning, and unless the context indicates otherwise –

1. "Act" means the Local Government: Municipal Property Amendment Rates Act, 2014 (Act No. 29 of 2014) and "MPRAA, 2014" shall have the same meaning;
 - (a) "Agricultural property": means a property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for the hospitality of quests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game;
2. "business/commercial" means a property used for the activity of buying, selling or trade in commodities or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of agricultural, farming or inter alia, any other business consisting of the cultivation of soils, the gathering in of crop or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms and shall include (properties of a township developer registered in a township title) commercial property as the case may be;
3. "Chief Financial Officer" means the Chief Financial Officer of the Municipality
4. "Constitution of the Republic of South Africa" means the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);
5. "Municipality" means the City of Tshwane Metropolitan Municipality established by General Notice 6770 in Provincial Gazette Extraordinary 141 of 1 October 2000 in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), and subsequent proclamations and amendments thereof and the acronym; "CoT" shall have the same meaning;

6. "council" means the Council of the Municipality ;
7. "category"
 - (a) In relating to property means a category of properties determined in terms of section 8
 - (b) In relation to owners of properties , means a category of owners determined in section 15(2)
8. "Educational institutions" as a property category for the levying of different rates, means properties registered as such as per applicable legislation, and this includes Private or Public primary and secondary schools, Universities, Colleges and Crèche's (regardless of whether subsidized or not), that are not registered for TAX exemption in terms of the Income Tax Act;
9. "special rebate" means an additional grant awarded to persons who are in receipt of an old age grant, disability grant or war veteran's grant, and are unable to care for themselves;
10. "government property" or "state-owned property" means property owned and exclusively used by an organ of state, excluding farm properties used for residential or agricultural purposes or not in use and properties owned by parastatals or public entities;
11. "permitted use" in relation to property means limited purposes for which the property may be used in terms of
 - (a) any restrictions imposed by-
 - (i) a condition of title
 - (ii) a provision of a town planning or land use scheme
 - (iii) any legislation applicable to any specific property or properties
 - (b) any alleviation of any such restrictions;
12. "improvement" means any building or structure on or under a property excluding-
 - (i) A structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
 - (ii) Buildings, structures and equipment or machinery referred to in Section 46(3) of the Act;
13. "Income Tax Act, 1962" means the Income Tax Act. 1962 (Act No 58 of 1962);
14. "indigent" means any household that is legally resident in the Country and reside in the City of Tshwane's jurisdictional area, who due to a number of economic and social factors are unable to pay Municipal rates and basic services as per the City of Tshwane Indigent Policy;
15. "Industrial" means a branch of trade or manufacturing, production, assembling or processing of finished or practically finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories and any office or other accommodation on the same property, the use of which is incidental to the use of such factory;
16. "land reform beneficiary" in relation to a property, means a person who
 - (a) acquired the property through
 - (i) the Provision of Land and Assistance Act, 1993, or
 - (ii) the Restitution of Land Rights Act, 1994, or
 - (b) holds the property subject to the Communal Property Association Act, 1996;
 - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.
17. "land tenure right" means land tenure as defined in section 1 of upgrading of Land Tenure Rights Act 1991 (Act 112 of 1991);
18. "mining" means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any mineral residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
19. "MPRAA" means the Local Government: Municipal Property Rates Amendment Act, 2014 (Act No. 29 of 2014);
20. "market value" in relation to a property, in relation to a property means the value of the property determined in accordance with section 46;
21. "multiple purpose" in relation to a property means the use of a property for more than one purpose subject section 9 ;
22. "municipal property" means any property owned by the Municipality;

23. "occupier" means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
24. "pensioner" for purposes of the rates policy and eligibility for old age rebate, pensioner means any owner of rateable property who has reached the age of 60 years or more who receives a pension as main income during the Municipality's financial year;
25. "non- permitted use" as property category for the levying of different means any use of property that is inconsistent with or in contravention with the permitted use of that property in which event, and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purpose only.
26. "Person" includes organ of state, a natural and a juristic entity as the case may be;
27. "Disability grantees and/or Medical boarded persons" means a person who, owing to physical or mental disability, is unfit to obtain by virtue of any service, employment or profession the means needed to enable him or her to provide for his or her maintenance. (Social Assistance Act, No. 6 of 2004);
28. "property" means –
 - (a) immovable property registered in the name of a person, including, in the case of sectional title scheme, a sectional title unit registered in the name of a person;
 - (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
 - (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
 - (d) public service infrastructure;
29. "owner" -
 - (i) in relation to a property referred to in paragraph (a) of the definition of "property" means a person in whose name ownership of the property is registered;
 - (ii) in relation to a right referred to in paragraph (b) of the definition of "property" means a person in whose name the right is registered;
 - (iii) in relation to a land tenure right referred to in paragraph (c) of the definition of "property" means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
 - (iv) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property" means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled";
 - (v) In relation to a time sharing interest contemplated in the Property Time –sharing Control Act, 1983 (Act No.75 of 1983) , means the management association contemplated in the regulations made in terms of section 12 of the Property Time –sharing Control Act ,1983, and published in government Notice R 327 of 24 February 1984.
 - (vi) In relation to a share block company in the share block company as defined in the Share Block Control Act, 1980 Act No. 59 of 1980)
 - (vii) In relation to buildings , other immovable structures and infrastructure referred to in section 17(1)(f) , means the holder of the mining right or the mining permit
30. "public service" purposes in relation to the use of a property , means property owned and used by an organ of state as-
 - (a) Hospital and clinics
 - (b) Schools, pre-schools, early childhood development centres of further education and training colleges
 - (c) National and provincial libraries and archives
 - (d) Police stations
 - (e) Correctional facilities
 - (f) Courts of law

But excludes property contemplated in the definition of "Public service infrastructure"
31. "protected area" means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003;

32. “public benefit organisation property” as a property category for the levying of different rates in accordance with the regulations on the rate- ratio between residential and non-residential properties, means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act, 1962, and must be registered and in possession of a Tax exemption certificate by SARS in terms of the Income Tax Act, 1962, because of activities;
33. “public service infrastructure” means publicly controlled infrastructure as defined by the MPRAA;
34. “public worship” means property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiated at services at that place of worship. Property used primarily as an office of a religious community or property used as parking facilities, camping sites not operated for gain and cemeteries for that religious community
35. “rate” means the cent in the Rand on the market value of a rateable property that may be levied on the ratepayer as may be determined by the Council from time to time during the Municipality’s budget process;
36. “rateable property” means property on which a municipality may in terms of section 2 levy a rate excluding property fully excluded from the levying of rates in terms of Section 17 of the MPRAA;
37. “rate ratio” means a prescribed ratio to the rate as referred to in section 19(1)(b) of the MPRAA;
38. “rebate” in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the MPRAA, on the amount of the rate payable on the property;
39. “reduction” in relation to a rate payable on a property, means the lowering in terms of Section 15 of the MPRAA, of the amount for which the property was valued and the rating of the property at that lower amount;
40. **“Residential’ property” means a property included in a valuation roll in terms of section 48(2) (b) in respect of which the primary use or permitted use is for residential purposes.;**
41. “section title unit” means a section of a building together with its undivided share in the common property apportioned in accordance with the participation quota of the section;
42. “state trust land” means land owned by the state –
- (i) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
 - (ii) over which land tenure rights were registered or granted; or
 - (iii) which is earmarked for disposal in terms of the Restitution Land Rights Act, 1994 (Act No. 22 of 1994);
43. “vacant land” as a property for the levying of different rates, means any land, other than farm property and/or smallholding, where no immovable improvements have been erected, where immovable improvements according to the City’s Town Planning Scheme, Land Use Rights and By-Laws, is interpreted as permanent structures on a property, that have been erected in accordance with approved plans and the issuance of a Certificate of Occupancy in terms of the City’s Building Regulations”.
44. “Newly rateable property” means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the MPRA took effect, excluding:-
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date, and
 - (b) a property identified by the Minister by the notice in the Gazette where the phasing in of a rate is not justified; or
 - (c) Property that is the result of sub-division or consolidation of land or new township establishment.
45. “Property register” means a register of properties referred to in section 23 of MPRAA

Categories

1. Contents of the Rates Policy

The municipality must in terms of section 3(3) of the Act, determine or provide criteria for the determination of categories of properties for the purpose of levying different rates and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions.

Categories of rateable property may be determined according to the

- (a) actual use of the property, ,
- (b) the permitted use
- (c) Combination of (a) and (b) ,

A municipal council may annually review, and if necessary, amend its rates policy, and any amendments to a rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of section 16(2) of the Municipal Finance Management Act.

2. Categories of properties:

- a) Residential properties
- b) Business and commercial properties
- c) Educational Institutions
- d) Eco-tourism and Game Farm
- e) Industrial properties
- f) Mining properties
- g) Municipal properties
- h) State-owned properties
- i) Agricultural Properties
- j) Non-permitted use
- k) Vacant land
- l) Public benefit organisation properties
- m) Township Development

3. Exemption of owners of properties:

A municipality may in terms of the criteria as set out in its rates policy:-

- (a) exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or
- (b) grant to a specific category of owners of properties, or the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

4. Categories of owners of properties:

The City of Tshwane has determined in its rates policy, the following categories of owners of property that are legible for exemptions, granted reduction or special rebates:

- (a) Indigents;
- (b) Pensioners, Disability grantees and/or Medical boarded persons;
- (c) Owners temporarily without income;
- (d) Owners of residential properties;
- (e) Owners of properties in areas affected by disaster or serious adverse social or economic conditions

CHAPTER 3

Liability for Rates

- (a) The levying of rates on property will be effected in terms of the Municipality's Rates Policy as amended from time to time.
- (b) The Municipality will, as part of each annual operating budget process, determine a rate in the rand to be levied on the market value of the property in every category of properties.
- (c) Rates will be recovered monthly.
- (d) If an amount due for rates on a property is unpaid by the owner of the property, the municipality may recover the amount from the tenant, occupier of the property or the agent of the owner
- (e) Where the rates levied on a property are based on a supplementary valuation made in terms of section 78(1) of the Municipal Property Rates Act, 2004, such rate will be payable from the date contemplated in section 78(4) of the Municipal Property Rates Act, 2004.
- (f) Recovery of rates due will be in accordance with the Municipality's Credit Control and Debt Collection policy read together with the Credit Control and Debt Collection by-laws.

CHAPTER 4

General valuation

- (a) The municipality will undertake a general valuation of all rateable properties in its area of jurisdiction and a valuation roll be compiled with validity as prescribed by the Act;
- (b) The municipality will undertake supplementary valuations on an ongoing basis and prepare a supplementary valuation roll once during each financial year;
- (c) The municipality will in accordance with section 79 of the MPRAA, make amendments regularly to the particulars on the valuation roll. Only the electronic copy of the valuation roll is updated to incorporate such amendments, except those changes to the roll in circumstances where section 78 applies, which may only be effected through a supplementary valuation in accordance with that section.

CHAPTER 5

Short Title and repeal of previous by-law

- (a) These By-Laws will be known as the City of Tshwane: Property Rates Policy By-Laws;
- (b) The City of Tshwane: Property Rates By-laws promulgated under Local Authority Notice No. 1494 on 25 June 2008 is hereby repealed and substituted by these By-laws.

Stephani Botes

From: Cindy Billson
Sent: 28 April 2018 16:02
To: Stephani Botes
Cc: David Farquharson; Siobhan Muller; Napierc@mweb.co.za; Peter Sutton
Subject: IDP submission

Importance: High

Submission on MTREF (and related tariffs).

There is a review taking place on the tariff structure currently gazetted for applications for and reviews for gated community.

The review is focused on the following pillars of the IDP:

1. A city that cares for residence and promotes inclusivity
 - a. The current structure does not allow inclusivity for all residence to make use of the option to create a gated community since not all communities can afford the tariff currently requested.
 - b. Excluding communities of the right to have the option to protect themselves by making it unaffordable is in contravention of the Constitution.
2. A City that deliver excellent service and protects the environment.
3. A city that keeps it residence safe
 - a. A key element in this pillar is providing communities the opportunity to create a safe environment where communities can function in – establishing a policy that is inclusive with affordable tariffs are two of those elements.

The current draft proposals envisage moving the existing city tariff closer to the Johannesburg tariffs. The city is facing possible legal action so if this can be resolved during this year the city may save legal costs.

From: Cindy Billson
Sent: Thursday, April 26, 2018 4:12 PM
To: David Farquharson <382davidf@gmail.com>; David Farquharson <DavidFa@TSHWANE.GOV.ZA>
Subject: FW: IDP submission

Hey David,

Just read and changes or add what you think is needed

Regards

Cindy

From: Cindy Billson
Sent: Monday, April 23, 2018 9:21 PM
To: DA Ward 48 Ward
Subject: IDP submission

Good day,

Here with a submission to please have a look at the tariff structure currently in place for gated community focused on the following pillars that the IDP are based on:

1. A city that cares for residence and promotes inclusivity
 - a. The current structure does not allow inclusivity for all residence to make use of the option to create a gated community since not all communities can afford the tariff currently requested.
 - b. Excluding communities of the right to have the option to make use of structuring a community is in contravention of the Constitution.
2. A City that deliver excellent service and protects the environment.
3. A city that keeps it residence safe
 - a. A key element in this pillar is providing communities the opportunity to create a safe environment where communities can function in – establishing a policy that is inclusive with affordable tariffs are two of those elements.



Cllr Cindy Billson
 Ward 69 Councillor
 Tel: 079 398 6990 |
 Ward Email: ward69centurion@gmail.com |
 General Email: cindyb@tshwane.gov.za

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

Stephani Botes

From: Nic Alberts <nalberts@icon.co.za>
Sent: 30 April 2018 09:46
To: IDPcomments; Stephani Botes
Cc: Councillor Arnold M. van Niekerk
Subject: Comments on IDP and budget
Attachments: Geïntegreerde Ontwikkelingsplan en begroting.docx

Importance: High

Dear Reader

Please receive my attached comments and recommendations regarding the IDP and draft budget for 2018/19.

Please confirm receipt of the email.

Kindest regards

Nic Alberts

Secretary, Montana Renaissance

Prof N F Alberts

Tel/Faks: 012 548 9397

Sel: 082 785 5279

Montana Renaissance

Terugvoer na aanleiding van die Stadsraad se aanbieding insake die Geïntegreerde Ontwikkelingsplan (GOP) en konsep begroting vir 2018/2019.

Vier fasette van die aanbieding sal kortliks gedek word, naamlik eerstens die basis van die plan ten opsigte van die sewe streke waarin die stad verdeel is, tweedens word kortliks aandag gegee aan die hoofpunte van die strategiese raamwerk vir die GOP. Derdens word die begroting vir 2018/2019 kortliks toegelig ten opsigte van veral die operasionele aspekte. Vierdens word kortliks aandag gegee aan die voorgestelde tarief-aanpassings en enkele van die implikasies hiervan vir ons sal uiteengesit word.

1. Streekindeling.

Ten einde die stad wat ongeveer 6 298 vierkante kilometer dek meer doeltreffend te kan bestuur, is Tshwane in sewe streke ingedeel. Die oorhoofse beginsels en riglyne vir stadsbestuur en ontwikkeling geld vir al die streke, maar daar word jaarliks afsonderlik beplan vir die instandhouding en verdere ontwikkeling van elke spesifieke streek. Op die meegaande kaart word die streke aangedui en Montana, wat as wyk 5 genommer is, val in streek 2.

Volgens die 2011 sensus woon ongeveer 339 180 mense in streek 2 en daar is sowat 115 880 huishoudings. Die totale oppervlak van die streek is ongeveer 1062 vierkante kilometer groot. Dit strek vanaf die Magaliesberg in die suide tot by Gauteng se noordelike grens wat Hammanskraal, Temba en die Tswaing Krater en natuurreservaat insluit.

2. Strategiese raamwerk vir geïntegreerde ontwikkeling

Fase een sal bestaan uit die stabilisering van die stadsadministrasie (Jaar 1). Dit sal onder andere die herstrukturering van die organisasie (stadsraad en alle departemente) insluit, die hervorming van die rekeningstelsel, beter skuldbestuur, hervorming van die kliënte verhoudinge, die ontwikkeling van nuwe inkomstebronne en die voorsiening van genoegsame hulpbronne aan die diensdepartemente.

Fase twee behels die gee van nuwe lewe aan die ekonomie (Jaar 1 – 3). Dit dek die hernuwing van die stad, die herprioritering van die begroting om agterstande tov infrastruktuur te verminder en beter toepassing van beplanningsaksies te skep.

Fase drie fokus op dienslewering aan almal en in besonder aan die armes (Jaar 1 – 5). Dit sluit in: dienslewering aan informele nedersettings, inspan van nuwe vaardighede om dienslewering te verbeter, daarstelling van instandhoudingspanne, voorsiening van paslike verligting van swak woontoestande en om effektiewe en professionele gesondheidsdienste te lewer.

Ten einde hierdie prosesse te implementeer is daar sewe prioriteitsnodes vir die 2018/2019 boekjaar geïdentifiseer. Een daarvan wat in ons streek sterk na vore sal kom, is die verdere ontwikkeling in die Rosslyn en Wonderboom lughawe nodes.

3. Begroting vir 2018/19

Die totale begroting vir 2018/19 staan op R36,483 biljoen. Daarvan is R3,988 biljoen vir kapitaalprojekte geoormerk terwyl R32,495 biljoen vir operasionele programme en projekte begroot. Die operasionele begroting sal gefinansier word uit die volgende inkomstebronne: diensheffings uit elektrisiteitsvoorsiening 63%, watervoorsiening 23%, afvalverwydering 8% en sanitasie 6%.

Die sleutel **operasionele programme** vir 2018/19 is die volgende: (Indien u die besonderhede en die beplande besteding van elk verlang, kan dit by my verkry word. Die besonderhede van die kapitaal begroting is ook beskikbaar en sal nie hier ingesluit word nie.)

Gemeenskaps- en sosiale ontwikkeling waarvan Openbare Werke, sport en kultuur en opleiding en ontwikkeling die belangrikstes is. 'n Totale bedrag van R177.6 miljoen is hiervoor toegewys.

Ekonomiese ontwikkeling en ruimtelike beplanning wat gemeenskapsontwikkeling, plaaslike ekonomiese ontwikkeling en entrepreneursprogramme insluit. R52.4 miljoen word hiervoor begroot.

Vir openbare beskerming en veiligheid is 20.8 miljoen begroot.

Die volgende operasionele program dek die omgewing en landbou-bestuur. Hiervoor is 'n totaal van R438.5 miljoen begroot. Die grootste deel hiervan, naamlik R419.9 is vir stadsreiniging en opruiming geoormerk. Die probleem met stadsreiniging word weer in die kommentaar gedek.

Vir die kantoor van die uitvoerende burgemeester is R53 miljoen begroot. Dit sal programme soos gemeenskapsontwikkeling, openbare deelname programme en volhoubaarheidsprogramme dek.

Vir die ontwikkeling van menslike kapitaal is vir die komende boekjaar R82 miljoen begroot. Opleiding en ontwikkeling van personeel, gemeenskaps onderwys en opleiding en die bestuur van die menslike hulpbron vorm die hoofkomponente van die program.

Behuising en ontwikkeling van menslike nedersettings sal 'n toewysing van R98 miljoen ontvang. Dit sluit nie die moontlike provinsiale toekenning vir bestuursontwikkeling in nie.

Vir die Tshwane Metropolise word R426.8 miljoen begroot. Dit sal hoofsaaklik vir openbare beskerming en veiligheid en wag-dienste aangewend word.

Vir die gesondheidsdepartement word R211.6 miljoen begroot. HIV/Vigs-programme, sosiale ontwikkeling en kliniekprogramme vorm die hoofkomponente van die operasionele program.

Vir die doeltreffende funksionering en verdere ontwikkeling van die operasionele sentra in die onderskeie streke is R869.3 miljoen begroot. Hieronder sal die funksionering van biblioteke, begraafplase en behuisingsprojekte val. Verder is daar vir instandhouding van infrastruktuur, geboue, en ontspanningsfasiliteite voorsiening gemaak.

Die snel busdiens sal in die boekjaar 'n beplande toewysing van R372.8 miljoen ontvang.

Vir elektrisiteitsvoorsiening, wat infrastruktuurontwikkeling en die massa aankoop van elektriese krag dek, word vir R92 miljoen voorsiening gemaak.

Ten slotte word vir water en sanitasie 'n bedrag van R2.5016 miljoen begroot. Dit dek hoofsaaklik die instandhouding en ontwikkeling van infrastruktuur en die massa aankoop van water in.

4. Voorgestelde tariefverhogings vir 2018/19

Die volgende tariefverhogings vir 2018/19 is voorgestel: Sanitasie 10.5%, Afvalverwydering 6.0%, Water 10.5%, Elektriesiteit 6.8% en eiendomsbelasting 6.0%. Beide die water- en kragtariefverhogings is laer as die tariefverhogings van die Rand Waterraad en van Eskom. Verder sal die gedifferensieerde berekening van waterverbruik ten volle in werking gestel word. Hoe meer water 'n inwoner gebruik hoe hoër sal die tarief per kiloliter vir hom/haar wees. Daar is 8 kategorië waarvolgens die berekeninge sal plaasvind. Dit sal ook 'n effek op sanitasie meebring.

Stephani Botes

From: aszanda@gmail.com
Sent: 30 April 2018 18:44
To: IDPcomments; Stephani Botes
Cc: erasmus40@gmail.com; shaun.wilkinson@gmail.com
Subject: IDP Comments

Hi

Apologies for sending this at the last day of submissions (as communicated at the meeting on 21 April).

Firstly, thanks for the efforts that are going into all this and the involvement of the public.

I've attended the meeting on 21 April and have the following comments. It was mentioned that something may come out of the operational budget or potentially the IDP, hence I'm directing this at IDP & Stephani as the MTREF contact. The reason for my mail besides some suggestions is the lack of my suburb's issue (Muckleneuk Traffic Issues) that we raised on occasions being present on the project list as presented at the meeting.

- 1) On numerous occasion it was raised with the Ward 59 councilor (Shaun Wilkinson) the need to take a look at the traffic strategy through the suburb of Muckleneuk, in particular Berea Street and the streets that run down the hill. The matter was raised at an official ward 59 IDP meeting a year or two ago as well as other forums. Commitment was that it was noted as such. Please note that this is not an new issue that surfaced in the last two years but an issue that we are actually able to raise with our current councilor appropriately, because he is extremely helpful, involved and present. So what is the issue:
 - a. Muckleneuk is a hilly suburb
 - b. Cars do not obey traffic laws, don't stop at stop streets, and speed in excess of the official limit.
 - c. There is no signage relating to a speed limit, which should in most cases be 50/60 and in Berea Street in particular potentially 40.
 - d. There is no traffic calming whatsoever that the situation is dangerous as there are a lot of people that use the area for jogging, walking to work etc ... it's a human thoroughfare
 - e. There isn't even crossings for pedestrians
 - f. Berea street is of particular concern because there is no grass spacing between the road like on other streets, such that the pavement is right next to the road.
 - i. This makes cars driving fast dangerous to everyone, and of course a nuisance
- 2) We're asking for a review and installation of appropriate measures in various places like circles and speed humps ... that can control the cars better. Of course any ideas welcome, but the aim is to reduce the speed at which the cars travel ... not necessarily restrict travel. Most notable areas for consideration:
 - a. The whole of Berea Street
 - b. Corner Berea & Celliers (Maybe a circle here)
 - i. Consider slowing cars down approaching this intersection from sunnyside side at the bridge
 - c. Corner Hans Pirow & Troye (A small circle)
 - d. Corner Willem Punt and Leyds (Big Circle with humps)
 - e. The stretch on Berea Str between Bourke & Smith
 - i. This is speed gangsters paradise
- 3) One of the sour points here is that it looks like every other inner city neighbourhood has benefitted from these measures except Muckleneuk which was left behind. You can drive through Groenkloof, Arcadia, Clydesdale, Brooklyn, Waterkloof etc ... and see that they have measures to deal with the matter.
- 4) On the bus matters, just a thought

- a. A lot of money is going into this from the capital budget
- b. Perhaps before building dedicated lanes and so on, set up a bus and a few stops and check take up
 - i. Can save money on this because take up may be low
- c. Purchase smaller busses on routes that go into the neighbourhood (ala Cape Town citi bus)
 - i. Look at the Muckleneuk/Groenkloof bus ... its perpetually empty or has 4 people
- d. Also perhaps consider uplifting taxi drivers to use the technology an even smaller routes ?

Thanks

Andrzej

Resident: 234 Berea Street

Stephani Botes

From: Sibongile Christina <concernedcommunity5@gmail.com>
Sent: 01 May 2018 18:53
To: IDPcomments
Cc: Stephani Botes; Sam Chepape
Subject: Public consultation process and MTREF draft 2018/2019 (IDP)
Attachments: IDP Letter to Municipality.pdf

Good day sir/madam

Please find attached letter.

Regards,
072 702 4400



President: Oupa Motshweni
Cell No: 072 702 4400
Chairman: Dusty Rakgotho
Cell No: 073 860 6523

5963 Section Q
Mathekwanne St
Mamelodi West
0122

Email: concernedcommunity5@gmail.com
Ref No: APP - 15/205699

PETITION

**TO: CITY OF TSHWANE MUNICIPALITY
THE OFFICE OF THE EXECUTIVE MAYOR
THE OFFICE OF THE SPEAKER
IDP AND PLANNING COMMITTEE**

FROM: CONCERNED COMMUNITY FOR SERVICE DELIVERY

DATE: 02 MAY 2018

SUBJECT: PUBLIC CONSULTATION PROCCES AND MTREF DRAFT 18/19

THE ABOVE MATTER REFERS.

WE, THE MAMELODI CONCERNED RESIDENTS FOR SERVICE DELIVERY, WOULD LIKE TO TAKE AN OPPORTUNITY TO LODGE OUR DISSATISFACTION AND OBJECTION TO THE DRAFT IDP REVIEW 2018/19 AND DRAFT 2018/19 MTREF FOR PUBLIC CONSULTATION DATED FOR 21 APRIL 2018- REGION 6.

It is our view that the City Of Tshwane Municipality did not consult with the broader community of region 6 when it conducted its public consultation meeting at Nkangala community hall on the 10th September 2017, the residents and associated community stakeholders not limited to local councillors, ward committees, traditional leaders of Eersterust, Nellmapius, Pretoria East, Mamelodi, Cullinan and Bronkhorspruit were not adequately informed about the meeting.

Furthermore it is our view that the key matters raised in that particular meeting of 10 September 2017 do not represent the holistic views of region 6.

So we feel that the municipality has failed the community of region 6 in terms of following and applying the required legislation in terms of the South African Constitution relating to public participation in relation to:

Section 151(1) (e), Section 152 and Section 195(e).

Therefore section 5 of the municipal systems act, 32 of 2000 have been grossly infringed and violated by City of Tshwane municipality.

So as a result the philosophy of Batho-Pele principle is grossly undermined and these results to any form of engagement by the municipality going forward to be null and void because on the ladder of participation efforts of the municipality falls under manipulation where participation is simply a pretence, the community's input is only used to further an existing agenda of not considering particularly the plight of the poor.

**CHAIRPERSON
TOUCH SERITHI
082 683 3957**

**SECRETARY
EULENDA CHAUKE
0825121255**

**CONCERN COMMUNITY FOR
SERVICE DELIVERY IN MAMELODI
REF No: APP - 15/205699
CELL No: 072 702 4400
5963 SECTION Q, MATHEKWANE STR
MAMELODI WEST 0122**

Stephani Botes

From: Clive Napier <napierc@mweb.co.za>
Sent: 02 May 2018 08:44
To: IDOcomments@tshwane.gov.za; Stephani Botes
Cc: gert.p.visser@gmail.com
Subject: FW: Ward65 IDP Comments - Doringkloof Residents Association
Attachments: DRA Comments on IDP - Region 4 - 30Apr2018.pdf
Importance: High

Have forwarded it on your behalf. Good work! Cllr Clive Napier

From: gert.p.visser@gmail.com [mailto:gert.p.visser@gmail.com]
Sent: 30 April 2018 12:47
To: D Clive Napier
Cc: DK EM Iaan Van Niekerk; DK Bernice EM Civics WAP Van Schalkwyk
Subject: Ward65 IDP Comments - Doringkloof Residents Association
Importance: High

Dear Prof. Napier,

Kindly advise where else same should be submitted.

Regards,

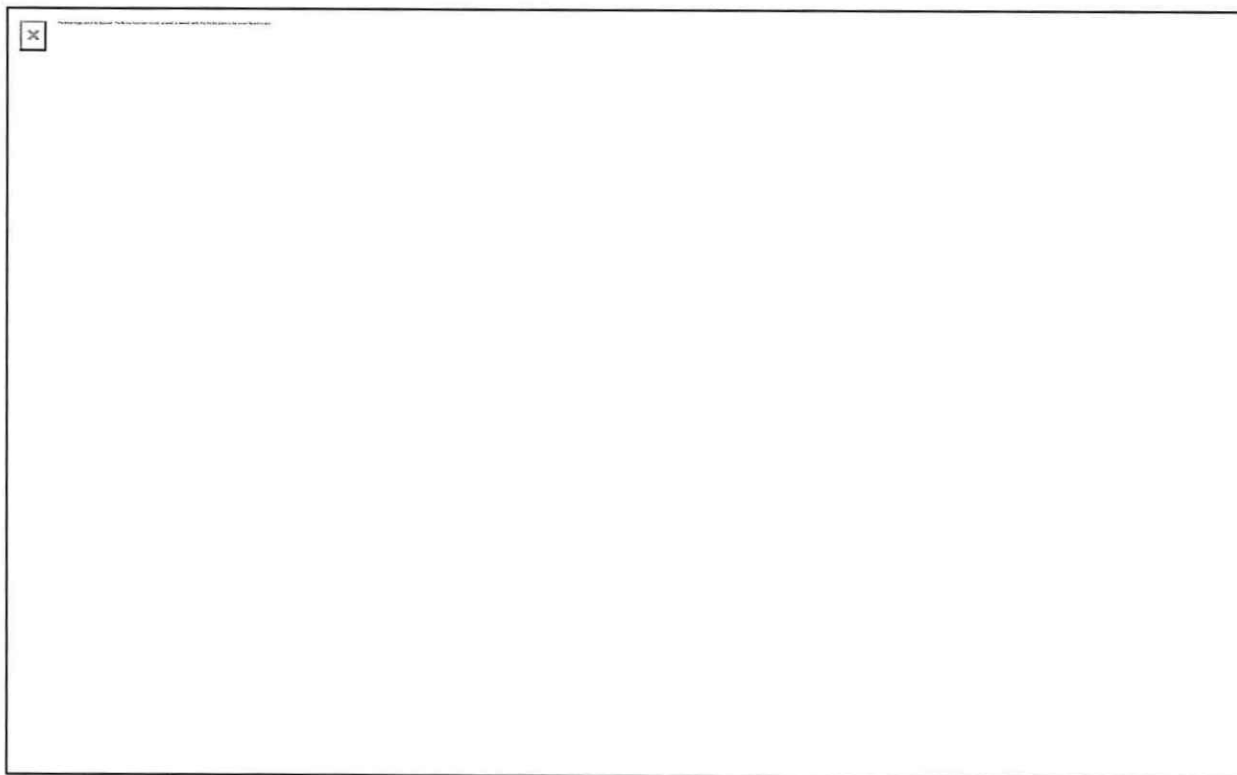
Gert Visser.
 30/04/2018.
 Sent via my BlackBerry from Vodacom - let your email find you!

From: "Iaan van Niekerk" <iaan@skitterblink.co.za>
Date: Mon, 30 Apr 2018 08:09:44 +0200
To: <gert.p.visser@gmail.com>; <IDPcomments@tshwane.gov.za>
ReplyTo: <iaan@skitterblink.co.za>
Cc: Bernice Swanepoel<bernicevanschalkwyk@yahoo.com>; Chris Angles<chrisangles@absamail.co.za>; Dirk Oosthuizen<dirk.oosthuizen@hotmail.com>; Frikkie Feyt<frik@feytkonstruksie.co.za>; Graham Oosterlaak<graham.oosterlaak@gmail.com>; Iaan Van Niekerk<manager@skitterblink.co.za>; Ilanie Erasmus<ilanierasmus5@gmail.com>; Janet Els<janet.els@bcx.co.za>; Jessica Viljoen<jessica@skincarebyjessica.co.za>; Mariaan Sieberhagen<mariaan@propell.co.za>; Petro Jansen<petro.jansen1@gmail.com>; Pieter van Oudtshoorn<poudconsult@gmail.com>; Russell Marshall<russellwmarshall@gmail.com>; Sharon Connor<sharon123connor@gmail.com>
Subject: IDP Comments - Doringkloof Residents Association

For Attention: Tshwane IDP
 Ward 65 Councillor – Mr Gert Visser

Attached is our comments regarding the IDP – Region 4.
 Would you please acknowledge receipt of this email.

Best Regards
Chairman
Doringkloof Residents Association



www.cleaningsouthafrica.co.za



Doringkloof Inwonersvereniging (DIV) Doringkloof Residents Association (DRA)



30 April 2018

To Whom It May Concern

COMMENTS OF THE PROPOSED IDP BUDGET 2018/2019: REGION 4

With reference to the IDP public consultation meeting for Region 4 held on the 21st of April 2018 the Doringkloof Residents Association (DRA) would like to formally lodge the following comments and caveats pertaining the proposed IDP for Region 4 of the City of Tshwane.

Doringkloof Requirements

- From documentation on the municipal website and from discussions at the aforementioned meeting it appears that all our inputs to this, and previous IDPs, have simply “fallen off the bus”.
- We do not regard our requests to be unreasonable, especially since no capital expenditure has taken place in Doringkloof for the past decade. A period during which our residents (excluding businesses) have paid in excess of R72 million in property rates.
- Our minimum requirements for inclusion in the IDP 2018/2019 are:
 - Construction of a pedestrian walkway (pavement/sidewalk) on the southern side on Sonja Str, between the Glover and Aster Str intersection. The width of said sidewalk should be at least one (1) meter, in order to accommodate the needs of disabled persons.
 - Installation of traffic calming measures in Koranna, Jasper, Sonja, Leonie and Zambezi str. Traffic calming measures in these street were requested as far back as the 2006/2007 financial year, and have yet to be constructed.
 - Installation of two “high power” lights in streets (Swarthout Str and Deodar Str_ adjacent to Doringkloof Park, with both lights being directed onto the park.
- Please note that our 5-year goal is for the construction of a community hall in Doringkloof. For this project to become a reality we expect the municipality to accumulate, and retain, 20% of the property rates paid by residential and business property owners in Doringkloof.

Information required on Region 4

- How much in the form of property rates was paid to the municipality per ward during each of the past three financial years?
- How much of the money paid per ward during the past three financial years was re-invested in each of the wards as municipal capital projects? (Details of the capital projects to be included in the response).
- Why were wards expected to compile a “3 issues per ward list” when these issues were completely disregarded in the IDP budgetary process? This holds true not only for

Doringkloof Residents Association

Doringkloof but also for the vast majority of other wards in Region 4, as attested to by participants' responses in the Public Participation meeting.

Concerns regarding the IDP

- The IDP does not appear to have catered for any additional educational facilities for the growing population. This may be a function of provincial government, but the Gauteng Provincial Projects to be implemented in the CoT MTREF do not include projects for any educational facilities. Please clarify?
- There is no project related to allocation resource to any additional landfill sites.
- We understand that the IDP is a "how to spend money" plan, but there is a real need for the municipality to state how it will not spend the money, i.e. state all the austerity measures that will apply, e.g.:
 - The elimination of wasteful expenditure.
 - A reduction and/or elimination of non-essential services/departments.
 - A reduction of labour costs to within 25% of income.

Proposals for this, and future, IDPs

- A minimum of 20% of the property rates paid per ward must be re-invested in the applicable paying ward (funding source), and the re-investment must be done in consultation with the Ward Councillor and the community.
 - The funds must not be allocated to other wards.
 - The funds must be allowed to accumulate indefinitely for potentially larger than normal capital expenditure projects.
 - Regular and meaningful reports must be submitted to the Ward Councillor so that the funds can be managed properly, to the benefit of the community.
- Funds for the "enforcement departments", such as Development Compliance, needs to be increased substantially. To this end, an independent "Building Compliance Office" needs to be established in Region 4 so that any Town Planning Scheme contraventions can be investigated with minimum delays.

Suburbs, such as Doringkloof, who contribute to the municipal fiscus should not be overseen in favour of zero rated communities. To this end we would appreciate your due consideration to the comments listed above. Any correspondence regarding the above comments can be directed to civics@doringkloof.net.

Regards,



Dr B Swanepoel (Pr. Plan A/2443/2016)
Civic Affairs
Doringkloof Residents Association (DRA)



Mr Jaan van Niekerk
Chairman: Executive Committee
Doringkloof Residents Association

Stephani Botes

From: Peter Brauteseth <peterb@joeltransport.co.za>
Sent: 02 May 2018 09:48
To: IDPcomments; Stephani Botes; Sam Chepape
Subject: Draft Property Rates Policy
Attachments: IMG-20180417-WA0009.jpg

Good Day

I would like to make some comment on property rates / property values and service delivery

- 1) From my observations property rates have escalated by 30% in the last 3 years –this is some 12% higher than the inflation rate and these continued excessive increases have to be questioned and stopped -there is no way that Tshwane can continue to ask for higher than inflation linked increases
- 2) Then property sale values have dropped by 25% in the last year and this has a lot to do with the politics in the country /the cost of living / state of the economy / lack of service delivery.
- 3) Then Tshwane makes huge profits on their mark up of basic water and power supply –the worst of this being a R5000 levy for the supply of 3 phase power

I have taken the time to document some of the issues I have with Tshwane – many of these reported to Tshwane at Director level and yet status quo remains and Tshwane continues to under perform and cost Rate payers millions of Rands in damages and other costs every month.

- 1) Illegal street traders
 - a) Grass sellers and wooden screen manufacturing and furniture sellers along Hendrik Verwoerd in Centurion have escalated and there are now in excess of 30 traders along this area -----these guys are loitering / they urinate and defecate on public property / they cause traffic obstructions and buyers try to access their wares / they pollute the area with unsightly clumps of grass / stones / old chairs/ old tyres and scrap and lastly and most importantly they are directly responsible for making properties in the area less attractive and thereby assist in the devalue of properties
 - b) Trucks for hire / tree cutters ----- on a good day this population of loitering truckers has increased to over 15 vehicles --- metro police are not effective in policing and control of these loitering guys / urination and defecation in public places occurs daily / wooden barriers have been broken down to allow them access / collected rubbish is often dumped in the public space as they rush to do more work / their loitering – sometimes as many as 40 men hang around all day and this is a huge security risk for nearby homes – and lastly they most certainly assist to devalue property in the area
 - c) Many companies continue to market their services via placards and signs all across the city – many have erected permanent but illegal signs and some of these have been in place for years – again Tshwane fails to police this problem and again these signs make suburbs look cheap and this adds to the property devaluation
- 2) Service delivery failure
 - a) Shocking to see that grass and weeds are not cut timeously and correctly –across the city ----- why must everything be done half ??? uncut grass and bush adds a substantial security risk and assists to devalue our properties
 - b) Damaged sign poles / bins / street lights – all over with some of them left for years !!!! seriously some bins and poles are left damaged and unsightly for years !!!!!!! and this despite being reported to Tshwane at director level
 - c) Potholes and road issues – cracks in roads are not being filled with hot tar to stop water ingress – all over the city this is a crisis in the making as roads are being structurally damaged all over the city – there is no

weed control program in place for the eradication of weeds and grass along our roads --- weeds grow into the tar again allowing water ingress speeding up the destruction process.

- d) Cutting of trees that overhang into public roads to minimum height of 4.5 m ---- There is zero tree cutting effort in the city -- trees are blocking our road systems and are causing damage to vehicles
- e) Road markings – I have road markings in my suburb that have not been re painted for over 10 years –they are dull and most people don't stop at the stop signs because they are not visible
- f) Speeding / howling motorbikes – Metro police fail to do anything so noise increases and speed increases unabated
- g) Incorrect billing ----- Just about every bill from Tshwane is incorrect ----- water and power meters incorrectly read / estimations made that are not in line with consumption – I can go on and on – instead of operating effectively Tshwane staff are gridlocked in the quagmire of queries / disputes and disruption that has resulted from the employment of incompetent staff --- Tshwane is wasting our time and costing us money
- h) Hooting and delinquent Taxi operators --- the biggest industry in SA that does nothing to contribute to our tax burdens and the most delinquent –again metro police ate toothless is controlling this scourge – we cannot allow taxis to hoot incessantly as the drive around looking for passengers ----- we cannot allow them to break the law every 5 minutes
- i) At an estimate 60 % of all drivers licences are issued fraudulently on the bribe system –this lets loose a whole hoard of incompetent drivers who a) damage city infrastructure b) cause accidents and this all indirectly costs us all more in rate payments and increased insurance premiums – every single failure has a knock on effect and results in high costs to all ! Tshwane fails to act while we all know bribes are taken and paid daily !
- j) Worst of all and probably the biggest cost to rate payers is Tshwane's inability to get robots working properly and to ensure they are synchronised to do some maths and give you an idea of what Tshwane costs the rate payers of this city every day

Assume 200 000 cars are gridlocked in Tshwane every day for 1 hour a day because of failing robots and ineffective Metro Police deployment – I have yet to see a metro police officer direct traffic at a robot that is not working

Assume each car uses 10L of fuel while it is gridlocked

Assume a fuel price of R15/L

200 000 cars x 5 L per day x R15 per L = R15 000 000 – that's correct 15 Million Rans a day !!!!!

3) Failure to upgrade arterial roads

Tshwane has allowed huge development in the Centurion area over the last 15years –thousands and thousands of new properties have been registered and building plans approved ----- yet the city has done nothing to upgrade the access roads to this area

- A) The old JHB road is a joke – poorly maintained and constricted to one lane ----- yes one lane !!!!
- B) Rooihuiskraal Rd is the same – constricted to one lane
- C) Ruimsig is the same constricted to one lane
- D) R55 is the same – nice ne double lane for many Kms but then constricted to one lane – it's a no brainer !!!!! who is in charge ?? Is there no logic ?? is there no planning ???? And Tshwane continues to allow new development !!!!!

This debacle undoubtedly causes huge congestion !! and cost to Rate payers

I will now offer some comment as to the reasons for these service delivery failures and –as I have done many times before !

- a) There is zero disciplinary code nor practice in place within the employment structure of Tshwane ----- staff are allowed to fail continuously without any management action
- b) Employment of incompetent staff is a reality and has to be stopped and controlled – there are too many people who are being paid too much and they are not effective
- c) Work ethic / theft of overtime and lack of staff logic are real issues
- d) Service teams and bulk stores have been denuded and are not operational

Tshwane has no mechanism to self-identify faults / Tshwane fails to make use of social media platforms to make fault reporting easier

Tshwane has no system in place to identify who damages infrastructure (street lights /signs / barriers etc) and therefore there is zero recovery of repair / replacement costs

I watch in horror as there is also no service delivery in PDI areas ! Olievenhoutbosch is a suburb in question ! I have no objection to paying higher rates as long as service delivery is taking place in areas like this – but nothing happens -----
 ----- why is Tshwane not selling these stands to residents ----- our city and country is in crisis with no municipal controlled cheap but serviced stands available -----why can we not be the first city to acquire land / subdivide it / put services in / and sell to our people at the lowest possible rate / low deposit / low repayments over longest term
 ??????????????????

I will in some of my following e mails send you a few pictures of service delivery failure and other comment I have made over the last few months

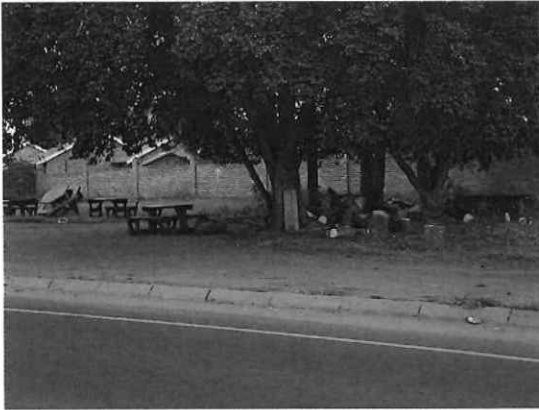
Regards

Peter Brauteseth

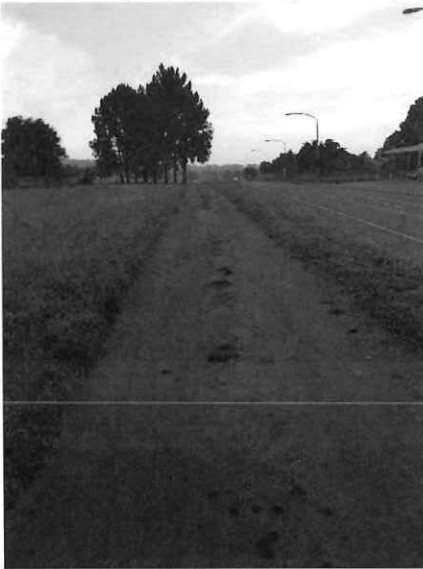
Cell : 0824678465

From: Peter Brauteseth [mailto:peterb@joeltransport.co.za]

Loitering / manufacturing traders along Hendrik Verwoerd Centurion. This scourge is getting worse as Metro Police fail to perform !



A secondary dirt road formed along Hendrik Verwoerd Rd. Zero Metro Police control. Delinquent Taxis and other use this road every single morning en mass. Wooden barriers have been demolished so as to facilitate entry and exit ----- assume by the loitering truckers. We need Metro Police action. We need wooden barriers repaired and in place to prevent entry



This bin has remained damaged and serviceable for over a year !!!!! Hendrik Verwoerd RD Centurion. This has been reported to Tshwane at director level and still the failure persists.



This pole has been down for over 6 months. Hendrik Verwoerd Rd Centurion. Reported 3 times at director level. Tshwane leaves itself liable for lawsuits – if anyone is injured or dies as a result of this negligence Tshwane will pay – rate payers will pay. No disciplinary process or code in place. No follow up by management to ensure repair is carried out. No ability to self-identify faults and problems



Hendrik Verwoerd Rd Centurion. Danger to Public. Failure to perform. Gross negligence. Poor work ethic. Zero logic.



I refer to my recent inputs and would like to share more information. Hendrik Verwoerd RD Centurion. Illegal street traders ----- numbers increasing by the week !! Fowling up the area. Causing traffic hazards as they are too close to the road. Urination and defecation daily. Manufacturing products on the public space illegal. Metro Police -----zero performance !! Disciplinary code and practice not in place – why is there no follow up and inspection to see that these traders and their illegal activity are removed. Property devaluation in the area.



Hendrik Verwoerd Rd Centurion. Please see damaged wooden barrier. Please see status of weeds. Substandard performance from Tshwane on all accounts.



Just look at the state of the verges. Root and water ingress will damage our roads



Sunderlandridge 9. No remedial action



Centurion Hendrik Verwoerd Rd

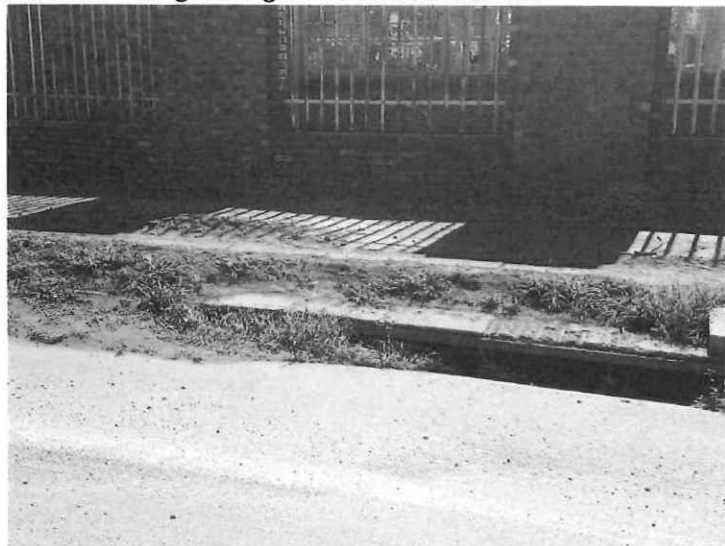
Here is another one for your kind attention. Numbers increase by the week ----- . Wooden barriers have been broken down to allow access. Defecation and urination in public. As many as 40 loitering people. Property values are falling. Metro Police fail to perform. Solutions offered and available to Tshwane are not acted on.



Sundelandridge 3 cnr Rudolph and Van tonder



Sunderlandridge 8. Again no remedial action



Sunderlandridge 4



Sunderlandridge 6



Sunderlandridge. Zero reaction



Sunderlandridge 5



Seedcracker st celtis ridge



Hendrik Verwoerd Centurion



Ruimpte

Weeds weeds weeds. Congested roads ----- zero forward planning this road needs to be made into a 2 lanes each way ----- now not next year !!!!



Illegal advertising and signage in centurion



Road congestion R55 / old JHB road / Ruimpte

Tshwane is not able to advise when these roads will be upgraded – no foresight – no planning ---- but new developments are processed making a crisis situation worse. Robots out againnnnnnnnnnn

Pothole ----- Seedcracker st Celtis ridge

Substandard repair. This is now the 4th time --- waste of time and resources and rate payers money. We have allowed water ingress and now the substructure is damaged and potholes will occur again and again until proper repairs are undertaken



Low trees overhang into Springbok St Centurion ----- in fact this whole area has trees that hang too low ----way below the 4.5m limit



Loitering / Illegal dumping / Illegal business trade / damage to council infrastructure



Rustige st Eldoraigne – need to cut the trees



Sunderlandridge 1



FL52KMGP. Please see pictures of this Tshwane vehicle -- The hydraulic crane bin is badly damaged and is not serviceable. Who and what caused damage to this bin ? Why is Tshwane not repairing the damaged crane ----- it cannot be used like this !!!!! Who is in charge of Maintenance ? Why are they allowing this vehicle to be used ? Tshwane through its inability to manage and maintain its business is going to cause harm to someone -- ----- disciplinary action needs to be taken !!!! And again Tshwane is leaving itself wide open for damages claims



Ruimpte Rd. Please see 60cm hole gouged out by storm water ----- 60 CM its deep !!!!!



Damaged curb stones cnr Rooihuiskraal and Hendrik Verwored



Damaged waste bins -- Louisa and Rooihuiskraasl rds



Sealing of roads Corner of Rustige and Jakalsdraf Eldoraigne



Ruimpte Rd Centurion 07h45 in the morning ----- Taxi abuse



Trip down Hendrik Verwoerd Drive Centurion

In my quest to assist Tshwane perform I send you a few pictures and some comment

- 1) Cracked tar / root ingress water ingress and subsequent damage to infrastructure
Please see a picture of this problem –we need to seal cracks and ensure weeds don't grow on our roads – there has to be hot tar sealing program and a sustained herbicide application program
- 2) Street light pole down – previously reported and questions are
Why has this not been repaired yet ?
How is Tshwane resolving the matter of identifying culprits of Municipal property destruction and recovering monies from them ?
What structures does Tshwane have in place to help identify items that need repair / replacement ?

See picture 3 exposed electrical cable ----- your failure to get this repaired is leaving Tshwane liable for damages claims



This is my last e mail to you guys – please see this last pole Willem Botha St Centurion – been like this for 2 years now ----- yes reported to Tshwane at directors level – Zero Performance

So the conclusion to all my e mails and summary of facts is as follows :

- 1) Rates increases year on year have been above inflation and have now reached heights that are unaffordable to most rate payers
- 2) Tshwane continues to extract huge revenues from the supply of water and power
- 3) Property values across the city have dropped as a direct result of Tshwane service failure and disastrous and failed management of our economy and the country at large
- 4) The infrastructure in suburbs and most of the city has been fully paid for the last 15 years – so there has been zero cost to the city of any capital nature
- 5) Preventative maintenance is at a state of zero – ineffective and unreliable
- 6) Incorrect water and power readings has created a quagmire loss with your staff incapable of rendering correct accounts ----- how much time does this inefficiency waste – how much money does this wasted time cost – its millions Tshwane costs us millions in our and their attempts to get this most simple job done
- 7) Service delivery of the most basic requirements has hit an all-time low – with repeated and continued failure as demonstrated in my e mails
- 8) Infrastructure development in PDI areas is also zero.

- 9) Tshwane and its service failures cost rate payers huge sums every month and every year
 - a) The failure to run the city stoplights costs us in excess of R15 000 000 of wasted fuel as vehicle are gridlocked and cant move
 - b) The failure to correctly licence new drivers to ensure they are competent has huge knock on effect in terms of costs to rate payers -----damage to vehicles / city infrastructure / insurance premiums/ death and injury --- this is a crisis and no one even understands or sees the problem
 - c) The failure to cut trees to the correct height causes huge damage to vehicle and leaves Tshwane open to damages claims
 - d) There is no system in place to recover costs for damaged infrastructure – street lights /barriers / poles and signs and damaged daily and Tshwane just pays to replace and repair with zero recovery from offenders
- 10) While Tshwane reaps huge new rates revenue from all the new development it has allowed it has failed dismally to even plan the very basics of the upgrading of arterial roads so as to avoid the crisis in road congestion we now have
- 11) There is no initiative to provide cheap and affordable serviced land to the poor ----- we are in crisis -----
- hear my words if immediate and firm action is not taken by the city / the DA and the ANC we will all burn

So an increase in Rates ???? ----- NO Sir you may not !

Your office needs to get its house in order

- a) Re look at the staffing requirement levels and invite all staff to re-apply for their positions
- b) Employ competent capable people that have a good work ethic and some basic logic
- c) Implement and practice a strict disciplinary code ----- re train warn and if required fire failing staff
- d) Cut back on all corruption / fraud and wasteful expenditure and this includes the meals Tshwane supplies – cut it all back because Tshwane cannot afford the extravagance
- e) Make sure that every household pays for services –the supply of free this and free everything is costing this city too much
- f) Be decisive and lets do something about the supply of cheap serviced land to our poor
- g) Give people title to land – Olievenhoutbosch is a case in point ----- sell all those stands to the people who occupy the land – sell it cheap but sell it fast – give title and extract low rates

There is so much more I could comment on but I believe your office has the picture ----- Tshwane just like this ANC government (and its VAT increase to 15%) cannot just keep increasing charges while it fails to perform like this – the rate payers and public in general deserve some respect !



Stephani Botes

From: Cecile le Roux <cecile@celtisdesign.co.za>
Sent: 02 May 2018 22:56
To: IDPcomments
Cc: Stephani Botes
Subject: IDP comments

To whom it may concern:

IDP session [24/04/2018], the following items was tabled by the CVA representative:

- The very old electrical infrastructure in Clydesdale needs to be upgraded, and Streetlights which is not functioning needs to be addressed properly. [MMC Daryl Moss informed us that we will be switching over to a new substation [at Abland development] soon, which will alleviate a lot of the problems]. How can we make sure that there is enough money in the budget for upgrades?
- The Role of C.O.T. with Regards to the C.I.D. and the way forward for Clydesdale.
- Can the C.O.T please give Clydesdale an Update on the Afforestation tender for the area.
- Why is the C.O.T. not doing anything about communicating necessary information to Clydesdale regarding the Land Use complaints? Are there enough officials to do law enforcement. Are there enough money in the budget for salaries of law enforcement officials?



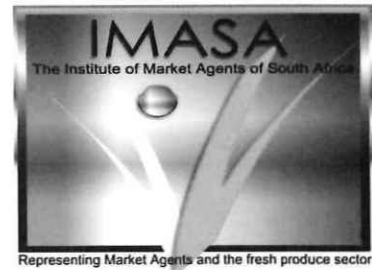
Cecile le Roux

CVA Vice chair | Service Delivery

 | 0834982035 | www.clydesdalevillage.co.za



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620

04 May 2018

Mrs. Stephani Botes
City of Tshwane

Madam

RE: TSHWANE FRESH PRODUCE MARKET – MTREF 2018/19

With reference to the above we would like to highlight the following concerns regarding the management and maintenance of the Tshwane Fresh Produce Market.

1) Security

- a. There is absolutely no access control at any of the two entrances to the market which escalates to the following.
 - i. Theft of 15 motor vehicles from the premises within the last three months.
 - ii. No control over produce entering or leaving the market. This again leads to "Direct Sales" (Income loss to the Market and Market Agents)
 - iii. Vagrants living in the market and illegally sleeping in the market sales halls and stealing produce from agent's floors.
 - iv. The Market is situated on 32 hectares of land and only two security guards are deployed during the night and only 7 during the day.
 - v. The above situation is untenable and needs to be rectified as a matter of urgency.
 - vi. Lighting in and around the market is almost non-existent. No maintenance in this regard is done.

2) Maintenance/Hygiene/Cleanliness

- a. Sales Floors
 - i. Roof of both the sales halls are in a terrible state and needs urgent attention.
 - ii. Drainage is a huge problem.
 - iii. Generators are not working and with several power failures during the last 12 months we were left in the dark and without power to service the sales system. We could therefore not do any sales and again results in loss of income. A further risk is the produce in the cold rooms when we have no electricity.
 - iv. Almost all the time the agents must repair "Roll-up doors" at our own cost because Market Management does not have the capacity or budget to do it themselves
 - v. In general maintenance is of a very low standard and a proper "Maintenance plan" is non-existent and needs to be put in place with a proper budget allocated.

- vi. The Market is a food premises and for the last eighteen months market management has not cleaned the market sales halls. This is unacceptable and needs to be rectified. (Several Floor Scrubbing Machines, belonging to the Market are locked up unused!!)
- vii. In general, the whole market is a "Health Hazzard".

3) New Sales System (TESS)

- a. Over nine million spent on this non-functional system to replace a fully functional system that are being used on all the other markets in South-Africa.
- b. A Further three million is needed to complete the system and we still believe that this will not be enough to match the current system that we have. We do not understand the logic behind this.
- c. We believe it will be much more beneficial to use the money for general maintenance of the market.

4) Key personnel at the market

- a. Executive Director
 - i. Since May 2017 the market is without an Executive Director and the current directors alternate monthly as "Acting Executive Director" of the Market. This results in no decisions and wrong decisions being taken and therefore the state of our market.
- b. Banana Ripening Centre
 - i. For the last three years the market has only one qualified staff member to run this facility.
 - ii. He is also allowed 40 hours overtime and leave can only be taken sporadically as he is the only staff member able to run the centre.
 - iii. Qualified support staff needs to be employed urgently to assist.
 - iv. Same applies for the market cold room facility and more people needs to be employed to help.

The market is strategic asset in terms of food security to the City of Tshwane and the Gauteng Province. It is therefore important for all stakeholders to make sure that this asset is looked after.

Please allocate enough resources in terms of staff and funding to get this Strategic Asset" back to its rightful place in this Province.

Regards

Hendrik Eksteen
 (Chairman – IMASA Branch of Tshwane)
 082 774 0454

Rates Watch (Pty) Ltd
VAT No 4500252103

Unit 1; Bartlett Lake Office Park;
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E-mail: admin@rateswatch.co.za
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Web: www.rateswatch.co.za

The Municipal Manager
City of Tshwane
P.O. Box 440
Pretoria
0001

e-mail: stephanib@tshwane.gov.za



RATES WATCH
MONITORING AND WATCHING YOUR VALUATIONS & PROPERTY TAXES

Kokkie Herman – Director: Rates
Tel: (+27) 082 774 5578
Email: kokkie@rateswatch.co.za
Fax to e-mail: (+27) 86 504 7747
4 May 2018

2018/2019 IDP/BUDGET: COMMENTS ON THE 2018/19 DRAFT TARIFF POLICY.

We have the pleasure to submit comments on the draft Tariff Policy and you are requested to consider these comments.

Rates Watch (Pty) Ltd was appointed by the South African Property Owners Association (SAPOA) to submit comments on the draft Rates Policy.

1. Categories of properties in Tariff policy, not listed in the Rates policy

- 1.1** The category “Echo-tourism and Game Farm” is allocated a tariff in the rates policy, no category is however defined in the Rates policy. This should be corrected in the Rates policy or removed in the Tariff Policy. **This was also mentioned in the comment given on the 2014/15, 2015/16, 2016/17 and 2017/18 tariff policy and has not yet been corrected. It will be appreciated is reasons can be supplied as to why this discrepancy is not addressed.**
- 1.2** The category “Independent Schools PBO” is listed in the Tariff Policy. No category is defined in the Rates Policy. This should be corrected in the Rates policy or removed in the Tariff Policy. **This was also mentioned in the comment given on the 2014/15, 2015/16, 2016/17 and 2017/18 tariff policy and has not yet been corrected. It will be appreciated is reasons can be supplied as to why this discrepancy is not addressed.**

2. Exclusion from Rates – categories of properties

The following categories of properties is listed as being excluded from rates, but these properties are not provided for as categories in the Rates Policy:-

- a. Public Service Infrastructure;
- b. Public Worship
- c. Protected areas
- d. State Trust Land
- e. On those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;

3. Exclusion from Rates – categories of owners of properties

The following properties is listed as being excluded from rates, it is however categories of owners of properties and cannot be excluded, but can however be subjected to exemptions, reductions and rebates as provided for in section 15 of the MPRA.

- 1.1 mineral rights
- 1.2 land reform beneficiary properties
- 1.3 **This was also mentioned in the comment given on the 2014/15, 2015/16, 2016/17 and 2017/18 tariff policy and has not yet been corrected. It will be appreciated is reasons can be supplied as to why this discrepancy is not addressed.**

2. Liability for Rates

The MPRA has been amended and these amendments will become effective on 1 July 2015. It would be safer to just refer to section 78 instead of defining the subsections.

This was also mentioned in the comment given on the 2015/16, 2016/17 and 2017/18 tariff policy and has not yet been corrected.

In this instance, you have not mentioned section 78(4)(aA) and 78(4)(e)

It is therefore our submission that the draft Tariff Policy is not aligned in full with the Rates policy and therefore do not comply fully with the legislation.

I trust that you will find the above in order.



Kokkie Herman



Councillor Kingsley Wakelin Ward 48

Cell: 076 393 - 7712
Email: ward48.da@gmail.com

Date: 7th May 2018

To: IDP Chairperson- Professor Clive Napier

Cc: Executive Mayor: Cllr S Msimanga

GH: Humans settlements: Me. N. Memela

Cc: Me. Stephani Botes

Cc: RED region 4: Mr. T Masehe

Cc: Chair of Finance: Cllr P. Sutton

Cc: MMC of Infrastructure: Cllr D Moss

RE: Feedback and Consideration for changes in IDP 2018/2019 for ward 48.

Dear Professor Napier following the in-depth IDP meetings that were held and in particular around Mooiplaas, I wish to highlight the following for your consideration. I urge you to ensure that we register Mooiplaas as a priority and to ensure we better the lives of our people.

The urgent needs of Mooiplaas is been well recorded with Province and the City of Tshwane the last 2 years since we have been involved in the ward. The plight of the people is that we need to acknowledge the failure of not making Mooiplaas a priority and also not considered the appalling state of the living conditions of the people living there:

Mooiplaas has been ignore for so many years and resulted in an absolute disaster in the making.

Since the election in August 2016 have I started with a campaign to highlight and empress it on all levels of government (local, provincial and national) the absolute appalling living condition of the people living there.

Apart from the water tanks, and plastic toilets and 6 Apollo lights, the City has done nothing the last 20 years to alleviate the current conditions of the people.

Currently Mooiplaas is home to guestimate 20 000-25 000 people of which 70% is foreigners (documented and undocumented).

The locals have pleaded and asked repeatedly for some relieve. As Councillor I went to the extent to engage both the Executive Mayor, MEC and MMC of Housing as well as the Premier of the Province.

The land has now been bought by the provincial administration and yet we are still waiting for commitments as to when we can consider Mooiplaas as an informal settlement and when we can start formalise some of the basic services.

Again the IDP makes NO provision for any formalisation of the area and this can be construed that despite all the efforts of the community and myself no priority is given in the budget to provide the **basic of basic services**.

As Councillor I submit that despite the matter been dragging, the very least that can be done is to provide in the budget for:

1. Temporary pre-paid electrical installation to provide some electricity to Mooiplaas. A petition in 2015 already shows that the residence are more than willing to pay as long as there is some infrastructure provided.
2. Running piped water and communal taps
3. Running sanitation as currently is the amount of toilets far too little, it is estimated that about 100 families shares 1 toilet
4. Clean up of waste on a weekly basis and large waste bins to be spread out the area for additional waste management
5. Formalisation and management of the current recycling operation. There is approximately 700-900 pickers and recyclers in Mooiplaas and all of Centurion waste recycling finds its way to Mooiplaas with no management or control
6. We urge the re-establishment of the free Wi-Fi as for the past 4 months no Wi-Fi was available for students and residents to gain access to seek employment
7. Mobile clinic services to be increased to 5 days a week
8. The upgrade of the current soccer grounds as the sports ground have not been grated or kept for many years, the results is that the area is riddled with stones

As you can see Chair, the basic human dignity is not taken care of. I request and urge you to reconsider the budget and it was highlighted by the community that many items are provided for in the IDP which can be seen as glamorous and extravagant. The budget in excess of R50 million to develop stadiums is a case in point. There are a number of projects currently in the IDP that we consider as totally unnecessary against the absolute basic needs that are not fulfilled. It is also very concerning that most of the projects in region 4 refers to ward 106/77 for further upgrades but that Mooiplaas don't even have the bare minimum.

The residents of Mooiplaas has raised these concerns and request you to relook at this matter in earnest. The residents of Mooiplaas has been disciplined and patient all these years and yet they are ignored. A statement made by one of the residents summarises the frustration ***"We don't burn down our robots or toi-toi on the R55, it seems we would need to start and do this to get the attention of the City"***.

A further worrying comments made by a resident also confirms the frustrations” ***When we don’t get anything, don’t come next year and expect to open up elections at Mooiplaas, there will be no elections and we will make sure of that”***

In closing I request and plead that the plight of the Mooiplaas residents be seriously considered in this year’s budget.

Kind Regards

A handwritten signature in dark ink, appearing to read 'K. Wakelin', with a stylized flourish at the end.

Kingsley Wakelin

Ward Councillor: Ward 48

City of Tshwane.

Stephani Botes

From: Arnold van Niekerk <arnoldvn@telkomsa.net>
Sent: 07 May 2018 15:37
To: IDPcomments; Stephani Botes; Sam Chepape
Cc: napierc@mweb.co.za
Subject: Key requirements for Ward 5 IDP

Overview of the Draft IDP Review 2018/2019
 For Ward 5

Key requirements for Ward 5

1. Infrastructure (Utility Services)

- **Road and transport network and infrastructure maintenances of internal roads**
 1. Sefako Makgatho Drive
 2. Braam Pretoriustreet
 3. 3rd road link with Bougainvillea drive at Montana Gardens
 4. Dr Swanepoelstreet link with Fratesstr Rietfontein Moot Area`s
 5. Cecil ave, Bon Accord Ave and Gamtoos road Kinsley A/H
- **Water network and infrastructure maintenances**
 1. Magalieskruin
 2. Sinoville
 3. Montana Gardens
- **Electricity network and infrastructure maintenances**
 1. Magalieskruin
 2. Sinoville
 3. Montana Gardens and Montana Park
 4. The grey / metallic electrical boxes with the electrical meters in Montana Park, Montana Gardens, Magalieskruin, and Sinoville
- **Street lights need in Ward 5**
 1. Rooibosstreet Montana Gardens
 2. Cecil ave, Bon Accord Ave and Gamtoos road Kinsley A/H
 3. 3rd road Montana Gardens
- **Sewerage Network (Sanitation)**
 1. Magalieskruin
 2. Sinoville
 3. Montana Gardens, Montana and Montana Park
- **Storm water network and infrastructure maintenances and Flooding backloge**
 1. Flooding backloge of Montana Gardens, Doornpoort
 2. Flooding backloge: Drainage network and drainage canals

2. Community Safety

- **Intersection Safety at Ward 5**

1. Dr Swanepoelroad and 3rd road Montana Park
2. Dr Swanepoelroad and Jeugdstreet Montana Park (at Montanapoort Secondary High School)
3. Dr Swanepoelroad and Stephanstreet Magalieskruin (at Magalieskruin Laerskool)
4. Sefako Makgatho Drive (at Zambezi Aftree Oord)
5. Veronicastreet and 6th road Montana
6. Springbokvlaktestreet and Veronicastreet Montana Park
7. Veronicastreet and Jeugdstreet road Montana.
8. Klippanstreet and Veronicastreet Montana.
9. Braam Pretoriustreet and Marsaulastreet Magalieskruin.

3. Muni Refuse Side at Magalieskruin (

1. This muni refuse area need upgrade is very important for this area and Region 2 South.
2. Must look for a new area and not in a residential area.

NB. Need the flowing in Region 2 South

1. Library
2. Metro Police office
3. Upgrade of the Wonderboom fire station
4. Offices for Region 2 South
5. Electrical and Water and Sanitation Depot for Region 2 South

Groete / Regards



Arnold van Niekerk
 Wyks Raadslid : Wyk 5
 Ward Councillor: Ward 5
 Whip of Sec 79 of Community Safety (TMPD)
 Anti-Fraud Line: 080 874 9263

Office of the Chief Whip of Council | 2nd Floor, Tshwane House | Pretoria

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 Cell: 082 770 4247
 Fax : 086 626 4629
ArnoldvN@telkomsa.net
arnoldvni@tshwane.gov.za
www.tshwane.gov.za

07 May 2018

Mr. B. van Zyl
Acting Divisional Head Strategy Development and Implementation
City of Tshwane Metropolitan
320 Madiba street
Pretoria
0001

Dear Mr. van Zyl

**COMMENTS ON THE 2018/19 DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) AND
DRAFT BUDGET OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY**

1. It has been noted that the closing date for comments in respect of both the abovementioned documents is 30 April 2018 – taking into consideration that 27 April 2018 was a public holiday as well as 1 May 2018, it would have been more appropriate to have determined 2 May 2018 as closing day for the submission of such comments.
2. On P194 of the Draft IDP reference is made that information on the Financial Plan was contained in a separate document which was available at libraries and customer walk in centres and on the official website. It would appear that the contents of the Financial Plan were not disclosed in detail as contained in the document titled "2018/19 Draft Medium-Term Revenue and Expenditure Framework" (DMTREF) during the IDP public consultation meetings that were held prior to the end of March 2018.
3. A proposal was submitted to increase water tariffs by 10,5% due to an increase of 12,5% by Rand Water. A similar increase in respect of sanitation tariffs was also proposed, however no motivation was given for this above-inflation increase. In addition, no mention was made of increased costs to treat effluent that would justify such an increase.
4. Attention is directed to the Draft Property Rates Policy By-laws whereby there is a vast difference between the definition as contained in the Municipal Property Rates Act (Act 6 of 2004):
 - 4.1 Section 1 of the MPRA defines agricultural property as follows:
'agricultural property' means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;
 - 4.2 Section 1 of the Draft Policy and Draft By-laws define agricultural property as follows:

Address: Cnr D.F. Malan Drive and Union Avenue, Kloofsig, Centurion • Postal address: P.O. Box 17216, LYTTTELTON, 0140 • Tel: 086 10 200 30 • Fax: 012 611 1281
Member Administration — Fax: 012 644 0342 • E-mail: afriforum@afriforum.co.za • Directors: Flip Buys, Rev. Dirk Laufs, Dr Dirk Hermann, Alana Bailey,
Prof. Danie Goosen, Frans de Klerk, Deon de Vries, Louis Trichardt, Prof. Koos Malan, Kallie Kriel • Reg. No 2005/042861/08 • 054 - 590 - NPO



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“Agricultural property”: in terms of the Act, 2004, means property envisaged in section 8(2)(d)(i), (e), and (f)(i) of the Act, 2004, wherein:

(a) Section 8(2)(d)(i) refers to farm properties used for agricultural purposes; (b) Section 8(2)(e) refers to farm properties not used for any purpose; and (c) Section 8(2)(f)(i) refers to smallholdings used for agricultural purposes; in relation to the levying of rates, and with reference to the definition as contained in the Act, 2004, on the Rate Ratio between Residential and Non-residential properties, means any farm property or smallholding not used for any purpose, or primarily used for bona fide farming and agricultural activity, meaning farm property or smallholding that is used for gain for purposes of the cultivation of soils, for purposes of planting and gathering of crops, forestry in the context of planting or growing of trees in a managed and structured fashion, the rearing of livestock and game, or the propagation and harvesting of fish, and excludes, the use of a property primarily for residential, other business and commercial or industrial purposes, including the use of a property for the purpose of eco-tourism, any portion that is used for the accommodation of members of the public for gain, in respect of property on which game is reared, traded or hunted, and on which other animal is kept for sporting, recreational, domestic, or any purpose other than aforementioned;

- 4.3 In both the Draft Policy and Draft By-laws, “residential property is defined as follows”:

“residential property” as a property category for the levying of different rates, means a dwelling which form a living unit that is exclusively used for human habitation purposes only, or a multiple number of such units on a property, including old-age homes, retirement villages and life right schemes. But for purposes of this rates policy, this definition excludes hostels, communes, boarding and lodging undertakings, places of instruction, hotels, guesthouses, and any vacant land irrespective of its zoning or intended usage;

- 4.4 Under Item 5.4.1(d) of the Draft Policy, the following is stated:

b) Residential property shall include smallholdings unless the owner can provide sufficient proof to the Chief Financial Officer that he/she/it is conducting bona fide and sustainable farming activities on such property; provided that the keeping of animals or plants for sports and / or recreational activities shall not be deemed to be bona fide use for agricultural purposes; provided further any such activities that are merely incidental to the primary use of the property shall not be taken into account. In its exercising as to whether proof is provided the Chief Financial Officer shall inter alia take the following into account in exercising its’ discretion:

- (i) Income and expenditure statements*
- (ii) The actual primary use of the property*
- (iii) Provision of an income Tax Clearance Certificate issued by the South African*
- (iv) Receiver of Revenue in respect of such agricultural activities.*

- 4.5 This provision is not contained in the Draft By-laws which should act as the applicable law of general application as envisaged by Section 36 of the

Constitution. In addition, it is not clear as to why a more onerous definition is applied in respect of agricultural holdings where the MPRA required a **primary use** for agriculture and the CoT requires proof of **bona fide and sustainable farming** activities? The rationale of imposing more onerous and perhaps unconstitutional requirements needs to be explained.

- 4.6 Property rates are used to finance non-income generating services such as roads, stormwater drainage, street lights, community services as well as other subsidised municipal services. It is submitted that agricultural holdings do not share the same level of services delivery as though they are situated within duly proclaimed residential townships and yet they are rated on the same level;
- 4.7 Attention is directed to the obiter remarks by Zondo J in the Constitutional Court judgement in *Rademan v Moqhaka Local Municipality and Others* (CCT 41/12) [2013] ZACC 11 (26 April 2013) in Paragraph 42 which reads as follows:

[42] Before dealing with the question of what remedy a resident has in a case where the municipality is demanding payment for services not rendered, it is necessary to point out that in the present matter it was not Ms Rademan's case that the Municipality claimed payment for services that it had not rendered. Indeed, in the present matter it has not been proved that the Municipality was claiming payment for services that had been rendered poorly or inefficiently. However, where a municipality claims payment from a resident or ratepayer for services, it is only entitled to payment for services that it has rendered. By the same token, where a municipality claims from a resident, customer or ratepayer payment for services, the resident, customer or ratepayer is only obliged to pay the municipality for services that have been rendered. Accordingly, where, for example, a municipality included in a customer's account for services an item for electricity when in fact no electricity has been connected to the particular property and, therefore, no electricity was supplied, the customer is entitled to take the stance that he or she will pay the total bill less the amount claimed for electricity supply. (My underlining).
5. In the Draft Property Rates By-laws reference is made in the definitions to "old order" and "new order" rights and exemptions that the Minister is empowered to consider relating to impermissible rates in terms of Section 18 of the MPRA. It is not clear if any exemptions have been granted and if so, to what extent. Clarification on this matter would be welcomed as there was no reference to this matter in the Draft Rates Policy.
6. It has been observed that the draft by-laws as submitted in DMTREF often refer to the detailed policies as forming part of the former. In law there is a big difference between a policy and a by-law as an enforceable legal instrument:
 - 6.1 Policy decisions are taken by a municipal council on recommendation of the either the executive mayor or the executive committee. By-laws have a specific process of being advertised for public comment whereafter the comments must be considered before the matter is submitted to the municipal council for consideration. By-laws must be approved with a supporting vote

(50% plus 1 councillor must vote in favour of the recommendation) whereafter the by-laws must be published in the relevant provincial gazette. By-laws may only take effect after the promulgation thereof in the relevant provincial gazette; and

- 6.2 No policy can outlaw a promulgated by-law. The following judgements endorse the supremacy of promulgated law over policy:
 - 6.2.1 Akani Garden Route (Pty) Ltd v Pinnacle Point Casino (Pty) Ltd (252/99) [2001] ZASCA 59 (17 May 2001);
 - 6.2.2 Democratic Alliance of South Africa and Others v City of Tshwane Metropolitan Municipality and Others (33441/13) [2014] ZAGPPHC 153 (28 March 2014); and
 - 6.2.3 Arun Property Development (Pty) Ltd v City of Cape Town (CCt 78/14) [2014] ZACC 37 (15 December 2014).

In view of the fact that only a law of general application can be legally enforced, the reference to policy in legislation, cannot elevate the policy to have the effect of law.

7. Thank you for the opportunity to comment on the Draft IDP and DMTREF and clarification on the following matters would be appreciated:
 - 7.1 Increase of 10,5% in respect of sanitation services;
 - 7.2 Any exemptions granted by the Minister in terms of Section 18 of the MPRA;
 - 7.3 The rationale of deeming agricultural holdings to be on par with residential erven in proclaimed townships for ratings purposes without any reductions or rebates; and
 - 7.4 The legality of the CoT's by-laws which in effect elevate policies to the level of enforceable laws of general application.

Kind regards

Lambert de Klerk
District Coordinator
AfriForum
Email: lambert.deklerk@afirforum.co.za
Cell: 081 217 5440

SUBMISSION BY RIAMARPARK (REGION 7) RESIDENTS FOR 2018/2019 IDP

GENERAL OBSERVATION:

- no projected budget for infrastructure upgrading or maintenance – all infrastructure, electrical, roads, water and sewerage, is reaching it's expected lifespan;
- no projected budget for upgrading of green spaces – no developed green spaces (parks) for residents;
- It has come to the community's' attention that green spaces are being alienated. There has been neither public participation nor public tender process. The community registers its objection to this.

RECOMMENDATIONS FOR PROJECTS FOR RIAMARPARK

- Electrical – frequent outages indicate a lack of capacity to provide a constant, reliable supply of service. Sub-station assessment required to establish functionality of sub-station. Upgrade security of same and exposed supply cables.
Street lights – approximately half of the street lights replaced by contractors during the previous book year are not functioning. The entire system requires checking.
Infrastructure maintenance is built into the tariff structuring for electricity, the council therefore has a responsibility to maintain same from that portion of the tariff revenue collected.
- Roads – road surfaces have deteriorated in places water/sewerage and/or electrical repairs have been effected and roads have been left unrepaired. Sewejaartjie and Sweetpea streets are excellent examples of this. Where half the street has been dug up and now has barrier tape protecting the excavation.
- Water – as with all other water infrastructure in Region 7 it has reached the end of its life span, collapsing and needs replacement.
- Sewerage – as with the water infrastructure it is old and unable to cope with the increased capacity it is required to carry.
- Erf 677 was donated to City Harvest Church in 2008 they bought a portion of the adjoining ground for R64 000,00 as they constructed their church on the wrong portion of the ground. City Harvest Church has subsequently vacated the premises and another group has taken over the property without transfer. Suspected criminal activities are now taking place in this area. The utility account is also almost R1 million in arrears. It

is recommended that the property be reposed by Council and utilized as a community center for the Riamarpark community.



BRONKHORSTSPRUIT/KUNGWINI
MUNICIPAL WATCHDOG
Email: bhskungwini@gmail.com

The Speaker Cllr Mathebe
City of Tshwane Metro

2018 – 04 – 30

Sir

SUBMISSIONS 2018/19 IDP BUDGET PROCESS REGION 7 BRONKHORSTSPRUIT/KUNGWINI

On behalf of the community we make the following observations, queries and recommendations.

OBSERVATIONS:

- Both public meetings in Region 7 were abandoned.
- The IDP document was not available at the local municipal offices.

QUERIES:

- Why as there no public communication to this region until 24 hours prior to the first public meeting?
- What is the average percentage (%) increase of the rates and tariffs for the budgeted financial year?
- What is the average percentage (%) increase recommended by treasury?
- What is the total projected revenue collection for Region 7 for the budgeted financial year?
- What percentage (%) of that projected revenue collection is budgeted for Region 7?

- Ekangala is identified as a “Priority Nodes for 2018/19 Investment” yet the bulk of the financial budget is dedicated to Zithobeni. In a three (3) year cycle R460 million is budgeted for Zithobeni (a non-priority node) and only R244.4 million for Ekangala. How is this possible?
- Roads upgrading projects are budgeted for wards 103, 104 and 105 which roads specifically does this budget apply to?
- How does the road upgrade effect the sewer reticulation and toilets project in ward 104?
- Project (712279 x2) is this for the Cathie street sub-station or Tribor?
- No budget for Godrich sewer reticulation works which is in urgent need of repair and upgrade
- Upgrading of Ekangala stadium – R30 million budgeted in the third (3rd) year of the cycle, a stadium is a “*nice to have*” and not an essential. That budget would be more wisely spent in providing basic services and/or serviced erven to the Ekangala informal settlement in improving their daily lives.

RECOMMENDATIONS:

- That adequate and inclusive publication of proposed public meetings be undertaken. This could be achieved by decentralization of the service, utilizing local officials who are acquainted with the entire region;
- That documentation be provided to local municipal offices for inspection by the community;
- That the revenue collected in Region 7 be ring fenced and utilized exclusively in Region 7
- That an audit be made of all infrastructure assets and that the budgetary provision be made for the upgrading of same. It is a fact that the reticulation works is inadequate and malfunctioning due to lack of infrastructure. It is also a fact that the water and sewerage infrastructure in the residential areas is aged, collapsing and inadequate for the volumes they are required to carry.
- Inadequate financial provision is made for the maintenance, upgrading and/or replacement of existing assets.

Carenesta de Jager and Cecilia Knox

ADMINISTRATORS OF BRONKHORSTSPRUIT/KUNGWINI MUNICIPAL WATCHDOG

Stephani Botes

From: Cindy Billson
Sent: 14 May 2018 12:35
To: Carolien Van Zyl
Cc: 'Ward 69 Jack Page'; Peter Sutton; Johan Coetzee; dadwomoh@mweb.co.za; Louis van der Walt
Subject: RE: GUIDELINES OF A SPECIAL RATED AREA TO BE DEVELOP INTO A RAINBOW VILLAGE IN WARD 69

Good morning Carolien,

Thank you for the information.

I called Ms. Debraline Duvomoh, and she indicated that they wanted a meeting with me to explain what they need to set up the special rating area. She indicated that she was on her way to the RED's office to obtain my contact details since she did not have it.

She said she was sent by Ann Geyer, a member of the directors of Rainbow Villages, to speak to the RED. Cllr Peter Sutton and I had a meeting with Ms. Geyer last week Thursday (10 May 2018). The issue of special rated areas was discussed with Ms. Geyer. To this point, I do not know why Ms. Duvomoh has not included by Ms. Geyer in this meeting.

The following was highlighted to Ms. Geyer:

1. The policy for special rated areas are not yet finalised.
 - a. Though, we also noted to Ms. Geyer that financially, the money was extended in the IDP of 2016/2017 for the development of a CID and this does not imply that it will be paid out physically.
2. We did indicate to Ms. Geyer that we will require the IDP, however this will be extended and used physically within ward 69.
3. We made it evident that no clear policy has yet been established and currently, the special rate issue is between Finances and Development Planning.
4. We also indicated to Ms. Geyer that previous IDP developments still need to be attended to and the IDP period stretches over three years for finalization.

Thank you for trying to assist. The matter needs to be taken up with Development Planning and Finance. A formal application should be directed to both of these departments when the policies for Tshwane on Special Rated Areas are finalized. The documentation and requirements for this are currently available with the Development Department – Louis van der Walt should be able to assist in this regard.

Kind regards,



Cllr Cindy Billson
 Ward 69 Councillor
 Tel: 079 398 6990 |
 Ward Email: ward69centurion@gmail.com |
 General Email: cindyb@tshwane.gov.za

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

From: Carolien Van Zyl
Sent: Monday, May 14, 2018 7:58 AM

To: Cindy Billson; Louis van der Walt

Cc: 'Ward 69 Jack Page'; Peter Sutton

Subject: RE: GUIDELINES OF A SPECIAL RATED AREA TO BE DEVELOPED INTO A RAINBOW VILLAGE IN WARD 69

Importance: High

Good Morning Councillor Cindy,

Thank you for your e-mail in this regard and will be happy if you can speak to her.

Yes the ladies name is Debraline Duvomoh and she can be called at 082 671 9695.

Thank you.

Kind Regards.



Carolien van Zyl
Office of the Region Head Region 4

Office of the RED | Basdenstreet | Ground Floor | Block G Room G7 | Centurion | PO Box 14013 | Centurion | 0140 | www.tshwane.gov.za

Tel: 012 358 3273 | Fax2 mail: 086 485 7059 | Email: carolienvz@tshwane.gov.za
Fraud Hotline **080 874 9263**



From: Cindy Billson

Sent: Saturday, May 12, 2018 8:12 PM

To: Carolien Van Zyl <CarolienvZ@TSHWANE.GOV.ZA>; Louis van der Walt <LouisvdW@TSHWANE.GOV.ZA>

Cc: 'Ward 69 Jack Page' <pagejohannes@yahoo.com>; Peter Sutton <PeterS@TSHWANE.GOV.ZA>

Subject: RE: GUIDELINES OF A SPECIAL RATED AREA TO BE DEVELOPED INTO A RAINBOW VILLAGE IN WARD 69

Dear MS. Van Zyl,

Could you kindly advise who contacted the RED on the issue.

Kind regard,



Cllr Cindy Billson
Ward 69 Councillor
Tel: 079 398 6990 |
Ward Email: ward69centurion@gmail.com |
General Email: cindyb@tshwane.gov.za

"The secret of change is to focus all of your energy, not on fighting the old, but on building the new."

From: Carolien Van Zyl
Sent: Friday, May 11, 2018 9:27 AM
To: Louis van der Walt
Cc: Cindy Billson
Subject: GUIDELINES OF A SPECIAL RATED AREA TO BE DEVELOP INTO A RAINBOW VILLAGE IN WARD 69
Importance: High

Good Morning Louis,

People came to the office of the RH to see him, but he clearly outlined it that he does not have time to deal with issues that is has nothing to do with.

I need you to direct or to deal with this matter.as indicated in the Subject line.

Kindly advise accordingly.

Kind Regards.



Carolien van Zyl
Office of the Region Head Region 4

Office of the RED | Basdenstreet | Ground Floor | Block G Room G7 | Centurion | PO Box 14013 | Centurion | 0140 | www.tshwane.gov.za

Tel: 012 358 3273 | Fax2 mail: 086 485 7059 | Email: carolienvz@tshwane.gov.za
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SANCO WARD 31



Contact Secretary: Phillip
 Contact Details
 Cell : 082 421 4660
 Email Address : Phillip.ltp@g

13/05/2018

To: The Hounarable
 City of Tshwane
 Gauteng
 0100

Dear Leaders

RE: CONCERNS TO BE ADRESSED...

Our leadership from all regions of Tshwane attended the stakeholder summit on IDP/Budget for 2018/19 on 24 April 2018.

In the submission on pillars, our leaders also raised long-outstanding issues from their respective wards.

Our organization would like to hold an urgent meeting with the city representatives and the facilitators of various pillars of the summit.

The purpose of the above request is to discuss amongst others:

- a) The interim process to adress long-outstanding issues while we want for the budget approval!!!

Hoping you'll find the above in order.

Thanking you in advance.

Regards
 SANCO Secretary (Ward 31)
 P.M Letlape
 082 421 4660
 philip.ltp@gmail.com

**Residents of Block U & UX
Mabopane Ward 20
CITY OF TSHWANE
07 May 2018**

To: Tshwane Municipality

Att: CTO Stephanie Botes

Petition: Request Development ward 20 Block U & UX

We the undersigned residents of Block U & UX Mabopane, Tshwane Ward 20, Hereby request Roads and Transport prioritize the construction of Tarred Roads and Storm water Drainage System in the next financial year 2018/19 - 2020/2021 budget.

In the previous years we have sent numerous petition to City of Tshwane Municipality requesting the allocations of funds for Tarred Roads and Storm water, Street Lights, Recreational Parks, Sports Facilities and Bridges as the streets have not been tarred since the establishment of the township in 1985, which is 33 years ago.

Every time the response was that the request would be attended to in the following financial year. However until to date the mentioned requests has not been attended to.

During rainy season, the condition of the roads are not safe to be used by motorist due to the damage cause to cars travelling on it.

The channelled water also cause major damage to house boundary wall.

Since the road has more has more of sandy texture than a compounded gravel text, when it rains the sand is washed off the road, which made it more hazardous and is prone to flooding during rainy periods and the road lack storm water drainage.

The streets are gravel road characterised by unevenness and holes and not regularly maintained.

During dry season, the dust caused by the traffic on the road is also pedestrians who have no other option but to walk on this road to and from work every day.

The community have been patient for too long and the value of our house has drastically depreciated due to appalling state of the roads in our area.

We are heavily billed by the municipality and pay tax levies for services which we do not have the luxury of enjoying.

For so many decades our pleas and cries have not been taken seriously.

As active voting citizens and residents of this area we entrusted you as our government to serve us with respect and honesty by heeding and addressing our concerns when and as they arise.

We have noticed that on the overview of the draft IDP review 2018/2019 and Draft Metre for public consultation 21 April 2018 Region 1 Our ward 20 i.e. Block U and UX is not included.

May your office make amendments and include our ward since it has been decades waiting for developments.

Let these concerns be treated as matter of urgency.

We demand a positive response within 5 working days from date of receipt.

Failure to respond within the stipulated time frame will give us no choice but take further actions.

Sincerely

Residents of Block U & UX Mabopane Ward 20 City of Tshwane

For any reference or follow up please contact the following representative:

Karabo Monoko

073 051 5831

Mphikelele Tshabalala

072 377 8293

Kearabetswe Monaise

072 327 0715

Tefo Monau

076 517 5083

Tshepo Machete

076 058 5147

Mr Kgoathe M.A

083 760 4243

Mr Mafisa K

072 215 7901



18
643

Munsolve Tshwane
2A Selborne Centre
C/O Selborne Ave and Cantonments
Centurion, 0140
P.O.Box 21109, Protea Park, 0305
Tel: (012) 664 0853
E-mail: thswane@munsolve.co.za
Website: www.munsolve.co.za

The Municipal Manager

City of Tshwane

PO BOX 408

Pretoria

0001

Sir

INPUT ON MUNICIPAL BUDGET 2018/19

In terms of paragraph 26 of the City of Tshwane Water Bylaws a consumer is not in title to a reduction in the amount payable for water wasted or for water losses in a water installation.

Munsolve support the bylaw, and therefore the principle to pay for the water lost (volume / kilolitres), as a result of an internal water leak on a property – as the owner must take responsibility for the water reticulation on his/her property. We further support the sliding scale that is applicable on water as water is a scarce resource that must be protected and the client must pay for his **consumption** and excessive consumption should be paid for at a higher tariff. The higher tariffs (restrictions level 2 and 3) is also supported as it the right thing to do that the City of Tshwane already plan for drought situations and possible limited water supply from the Vaal Water Scheme.

However, to charge a consumer for water wasted (volume/kilolitres) as a result of an undetected leak at a higher tariff is not supported. The consumer is penalised twice –

- **for the volume**
- **and at a higher price.**

The current tariff structure allows for a charge of R20.57/kl (Incl 15% VAT) for a consumption of 12 to 18 kl (normal consumption of a townhouse), but when there is a leak the charges can increase to R33.68/kl (Incl 15% VAT). To make the situation even worse the level 2 and 3 restriction tariffs, when water restrictions are applicable, will create serious

Munsolve CC – Registration number: 1998/021030/23
Member: Frans Rootman (BCompt; HonsBCompt)

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problems for a consumer in a complex. On level 3 restrictions a complex with a huge water leak will be penalised at a tariff of R134.73/kl. ⁶⁴⁴

When regular monthly meter readings are taken it will take between 30 and 45 days to realise there is a leak on a property. Munsolve have assisted a number of clients over the last few years where the leak was only detected 60 to 90 days after the leak occurred and this seems to be norm, when regular meter readings are taken. However, when regular readings are not being taken and estimated water consumptions are being levied on the account, millions of litres of water could get lost without being noticed at a huge expense for the owner/consumer.

Leak detection is costly and sometimes clients are fortunate that the leak is found within a few hours, but some leaks takes up to three weeks to be found, especially at the older complexes. The City of Tshwane is well aware of how difficult it is to find leaks as the reported water loss for the 2016/17 financial was 23.66% of R503 million.

A recent study of the Ekurhuleni Water and Sanitation tariffs revealed that they understand water leaks as they offer a 50% discount on the water and sanitation tariffs during the period of a leak, under certain conditions.

With the 2018/19 Budget under review, currently we request that the Council consider

- **The Ekurhuleni principle of 50% discount.**
- **Where regular meter readings were not taken, a further discount be given based on the merits of the case.**

Kind Regards

Joubert van Wyk

Munsolve Tshwane

30 April 2018

Munsolve CC – Registration number: 1998/021030/23
Member: Frans Rootman (BCompt; HonsBCompt)

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NO. 120

16 FEBRUARY 2018

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 - MUNICIPAL COST CONTAINMENT REGULATIONS

In terms of section 169(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), draft regulations intended to be made in terms of section 168(1)(b) and (p) of that Act, as set out in Part A of the Schedule, are hereby published for public comment.

An explanatory memorandum regarding the draft regulations is in Part B of the Schedule.

All comment received by 30 March 2018 will be considered and should be emailed to MFMA@treasury.gov.za or faxed to 012 315 5230.

SCHEDULE

PART A
DRAFT MUNICIPAL COST CONTAINMENT REGULATIONS
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Definitions

1. In these Regulations, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, unless the context indicates otherwise, and—

“Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“consultant” means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality or municipal entity perform its functions to achieve the objects of local government in terms of section 152 of the Constitution;

“cost containment” means measures implemented to curtail spending in terms of these regulations; and

“credit card” means a card issued by a financial service provider, which creates a revolving account and grants a line of credit to the cardholder.

Object of Regulations

2. The object of these Regulations, in line with section 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Act, is to ensure that resources of a municipality and municipal entity are used effectively, efficiently and economically by implementing cost containment measures.

Application of Regulations

3. These Regulations apply to all municipalities and municipal entities.

Cost containment policies

4. (1) Each municipality and municipal entity must revise or develop and implement a cost containment policy which must—
- (a) in the case of a municipality, be adopted by the municipal council, and in the case of a municipal entity, by the board of directors as part of its budget related policies; and
 - (b) be consistent with the Act and these Regulations.
- (2) The cost containment policy of a municipality or a municipal entity contemplated in sub-regulation (1) must—
- (a) be in writing;
 - (b) give effect to these Regulations;
 - (c) be reviewed annually, as may be appropriate;
 - (d) be communicated on the municipality's or municipal entity's website; and
 - (e) set out—
 - (i) measures for ensuring implementation of the policy;
 - (ii) procedures for the annual review of the policy; and
 - (iii) consequences for non-adherence to the measures contained therein.

Use of consultants

5. (1) A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full time employ to perform the function.
- (2) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates—
- (a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor-General of South Africa", issued by the South African Institute of Chartered Accountants;
 - (b) set out in the "Guide on Hourly Fee Rates for Consultants", issued by the Department of Public Service and Administration;
 - (c) as prescribed by the body regulating the profession of the consultant.
- (3) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in sub-regulation (2).
- (4) When negotiating cost-effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market-determined rates.
- (5) When consultants are appointed, an accounting officer must—
- (a) appoint consultants on a time and cost basis with specific start and end dates;
 - (b) where practical, appoint consultants on an output-specified basis, subject to a clear specification of deliverables and associated remuneration;
 - (c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - (d) develop consultancy reduction plans; and
 - (e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations and the municipality's Supply Chain Management policy.

- (6) All contracts with consultants must include fee retention or penalty clause for poor performance.
- (7) A municipality or municipal entity must ensure that the specifications and performance, are used as a monitoring tool for the work to be undertaken and is appropriately recorded and monitored.
- (8) The travel and subsistence costs of consultants must be in accordance with the travel policy issued by the National Department of Transport, as updated from time to time.
- (9) The contract price must specify all travel and subsistence cost and, if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the abovementioned travel policy of the National Department of Transport.

Vehicles used for political office-bearers

- 6. (1) The threshold limit for vehicle purchases relating to official use by political office-bearers may not exceed R700 000 or 70% of the total annual remuneration package for different grades, whichever is greater.
- (2) The procurement of vehicles must be undertaken using the national government transversal contract mechanism.
- (3) If any other procurement process is used, the cost may not exceed the threshold set out in sub-regulation (1).
- (4) Before deciding on another procurement process as contemplated in sub-regulation (3), the chief financial officer must provide the council with information relating to the following criteria which must be considered:
 - (a) status of current vehicles;
 - (b) affordability;
 - (c) extent of service delivery backlogs;
 - (d) terrain for effective usage of vehicle; and
 - (e) any other policy of council.
- (5) Regardless of their usage, vehicles for official use by public office bearers may only be replaced after completion of 120 000 kilometres.
- (6) Notwithstanding sub-regulation (5), a municipality or municipal entity may replace vehicles for official use by public office bearers before completion of one hundred and twenty thousand kilometres only in instances where the vehicle experiences serious mechanical problem and is in a poor condition, and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

Travel and subsistence

- 7. (1) An accounting officer—
 - (a) may only approve purchase of economy class tickets for officials where the flying time for the flights is five hours or less; and
 - (b) for flights exceeding five hours, may purchase business class tickets only for accounting officers, and persons reporting directly to accounting officers.
- (2) Notwithstanding sub-regulation (1), an accounting officer may approve the purchase of business class tickets for officials with disabilities.
- (3) The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials attending such meetings or events must be limited to those officials directly involved in the subject matter related to such meetings or events.
- (4) An accounting officer may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury only—
 - (a) during peak holiday periods; or
 - (b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and/or international guests in that particular geographical area.
- (5) Officials of a municipality or municipal entity must—
 - (a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;

- (b) make use of shuttle service if the cost of such a service is lower than-
 - (i) the cost of hiring a vehicle;
 - (ii) the cost of kilometres claimable by the employee; and
 - (iii) the cost of parking.
 - (c) not hire vehicles from a category higher than Group B or an equivalent class; and
 - (d) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.
- (6) Municipalities and municipal entities must utilise the negotiated rates for flights and accommodation, communicated by the National Treasury, from time to time, or any other available cheaper flight and accommodation.

Domestic accommodation

8. An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals, as communicated by the National Treasury, from time to time.

Credit cards

9. (1) An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality or a municipal entity is issued to any official or public office bearer, including members of the board of directors of municipal entities.
- (2) Where officials or public office bearers incur expenditure in relation to official municipal activities, such officials or public office bearers must use their personal credit cards or cash or arrangements made by the municipality or municipal entity, and request reimbursement from the municipality or municipal entity in accordance with the relevant municipality or municipal entity's policy and processes.

Sponsorships, events and catering

10. (1) A Municipality or municipal entity may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality or municipal entity, unless the prior written approval of the accounting officer is obtained.
- (2) An accounting officer may incur catering expenses for hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours.
- (3) Entertainment allowances of officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- (4) An accounting officer may not incur expenses on alcoholic beverages.
- (5) An accounting officer must ensure that social functions, team building exercises, year-end functions, sporting events, budget vote dinners and other functions that have a social element are not financed from the municipality or municipal entity's budgets or by any suppliers or sponsors.
- (6) A municipality or municipal entity may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade, unless costs related thereto are recovered from affected officials.
- (7) An accounting officer may incur expenditure to host farewell functions in recognition of officials who retire after serving the municipality or municipal entity for ten or more years or retire on grounds of ill health, not exceeding the limits for petty cash usage.

Communication

11. (1) A Municipality or municipal entity must, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers.
- (2) An accounting officer must ensure that allowances to officials for private calls are limited to an amount as determined by the accounting officer in the cost containment policy of the municipality or municipal entity.

- (3) Newspapers and other related publication for the use of officials must be discontinued on expiry of existing contracts or supply orders.
- (4) A municipality or municipal entity must participate in the transversal term contract arranged by the National Treasury for the acquisition of mobile communication services.

Conferences, meetings and study tours

12. (1) An accounting officer must establish policies and procedures to manage application by officials to attend conferences or events hosted by professional bodies or non-governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives.
- (2) An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.
- (3) Such benchmark costs may not exceed an amount as determined by the National Treasury.
- (4) When considering applications from officials to attend conferences or events within and outside the borders of South Africa, an accounting officer must take the following into account—
 - (a) the official's role and responsibilities and the anticipated benefits of the conference or event;
 - (b) whether the conference or event addresses relevant concerns of the institution;
 - (c) the appropriate number of officials, not exceeding three officials, attending the conference or event; and
 - (d) availability of funds to meet expenses related to the conference or event.
- (5) The amount referred to in sub-regulation (3) above excludes costs related to travel, accommodation and related expenses, but includes—
 - (a) conference or event registration expenses; and
 - (b) any other expense incurred in relation to the conference or event.
- (6) When considering costs for conferences or events these may not include items, such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- (7) The accounting officer of a municipality or municipal entity must ensure that meetings and planning sessions that entail use of municipal funds are, as far as may be practically possible, held in-house.
- (8) Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- (9) An accounting officer may consider granting approval, as contemplated in sub-regulation (4), for officials, and in the case of Councillors, the Mayor.
- (10) A municipality or municipal entity must, where applicable, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

Other related expenditure items

13. (1) All commodities, services and products covered by a transversal contract concluded by the National Treasury must be procured through that transversal contract before approaching the market, to benefit from savings where lower prices or rates have been negotiated.
- (2) Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing and other inducements as part of, or during election periods.

Enforcement Procedures

14. Failure to implement or comply with these Regulations may result in any official of the municipality or municipal entity, political office bearer or director of the board that authorised or incurred any expenditure contrary to these regulations being held liable for financial misconduct

as set out in Chapter 15 of the Act read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Disclosures of cost containment measures

15. (1) The disclosure of cost containment measures applied by the municipality and municipal entity must be included in the municipal in-year budget reports and annual costs savings disclosed in the annual report.
- (2) The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings, on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.
- (3) Such reports must be copied to the National Treasury and relevant Provincial Treasuries within seven calendar days after the report is submitted to Municipal Council.

Short title and commencement

16. These Regulations are called the Municipal Cost Containment Regulations, 2018 and take effect on 01 July 2018.

PART B**EXPLANATORY MEMORANDUM ON DRAFT COST CONTAINMENT REGULATIONS INTENDED TO BE MADE IN TERMS OF LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

The wider implementation of the Local Government: Municipal Finance Management Act, 2003 (MFMA) in all municipalities and entities is an important element in the roll out strategy to modernise and improve financial management in local government. Linked to this strategy are the fundamental principles of effective and efficient utilisation of public resources in a transparent and accountable manner.

Despite the provisions in the MFMA and the reforms developed over the last 13 years to support the implementation of the MFMA, municipalities and municipal entities continue to spend public funds and municipal resources on non-priority items. More often than not this results in a diversion of public funds from core service delivery to other expenditures resulting in dissatisfaction by communities and delays in service delivery.

Government has therefore committed in the Medium Term Strategic Framework for 2014 – 2019 to urgently implement cost saving measures across all three spheres of government to assist in re-prioritizing expenditure and free up resources that can be targeted towards service delivery. These measures introduced are also intended to eliminate wastage of public resources on non-service delivery items. This will be undertaken through advocacy, strengthening the legal and policy prescripts and frameworks aimed at cost containment and ensuring the implementation thereof by municipalities and municipal entities.

The Minister of Finance has also pronounced during the February 2016 Budget Speech and the October 2016 Medium Term Budget Policy Statement that the National Treasury will issue regulations on cost containment measures for local government. The initial cost containment measures were introduced through MFMA Circular. Additional measures will also be taken to ensure a transparent tendering system by ensuring that value for money is attained through the revised procurement process. Similar measures have also been introduced in national and provincial government in terms of the Public Finance Management Act 1 of 1999.

Over the last 4 to 5 years, the Auditor-General's General Report on Local Government Audit Outcomes highlighted the extent of wastage of public resources. This was also observed through various publications in the print media and other government publications. Weak governance as well as the significant increase in the number of municipalities incurring unauthorised, irregular as well as fruitless and wasteful expenditure, were also highlighted as areas of concern.

Building on the MFMA Circular, the National Treasury in association with other stakeholders, have drafted regulations that will promote the cost containment measures introduced in a number of spending areas.

Section 168(1)(b) and (p) of the MFMA provides that the Minister may regulate financial management and internal control and generally, any other matter that may facilitate the enforcement and administration of the Act, respectively. The object of the draft Regulations is to ensure that the resources of municipalities and municipal entities are used effectively, efficiently and economically (regulation 2). The Regulations will apply to all municipalities and municipal entities (regulation 3).

Regulation 1 contains the definition of terms that are used in the regulations. Regulation 4 deals with the establishment of cost containment policies including the principles applicable to such policies.

Regulations 4 to 13 contain the actual cost containment measures to be implemented by municipalities and municipal entities. These measures include:

- Principles around appointment of consultants to perform municipal functions and assessment to be undertaken by municipalities and municipal entities before appointing consultants;

- Procurement of mayoral vehicles. The regulations introduce a ceiling in terms of the value of the vehicles to be procured and principles in terms of management of such vehicle by the municipalities and municipal entities;
- Travel and subsistence allowance. This section of the regulations provides the thresholds for purchasing air tickets and hiring of vehicles. The intention with this specific measure is to ensure that institutions actually realise the discounts which have been negotiated at National Government level. These thresholds will contribute towards institutions achieving cost savings on their travel and accommodation budgets;
- Prohibition on issuance of credit or debit cards linked to municipal bank accounts to officials or public office bearers;
- Prohibition on using municipal funds for specific functions which include, amongst others, spending on catering for internal meetings only attended by officials, and social, farewell or team building activities. This section also prohibits the utilisation of municipal funds on alcoholic beverages;
- The regulations also make it mandatory for institutions to procure vehicles, cell phone and other related assets via the transversal contract negotiated at National Government level. This will ensure that there are cost savings and benefits passed to municipalities on all such items;
- The regulations also introduce a monetary threshold for conference fees which include the attendance of both local and international conferences;
- The regulations are intended to reduce excessive spending on office furniture and equipment;
- Municipalities and municipal entities are also encouraged to ensure that proper processes are followed when dismissing and suspending officials, this minimise unnecessary legal costs. Institutions are also encouraged to manage their expenditure on leave and overtime benefits; and
- The regulations make it mandatory for municipalities to conduct threat assessments before approving any security measures for councillors or officials.

Regulation 4 introduces consequence management aspects for non-adherence to the regulations. Non-compliance with these measures must be investigated for financial misconduct in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Regulation 5 provides the framework for disclosure of actual cost savings achieved by institutions in their annual reports, this improve transparency.

Regulation 6 contains the short title and the commencement date of the regulations.

These draft regulations therefore propose to provide a framework that is consistent with the provisions of the MFMA. The effective implementation of the regulations is intended to ensure that municipalities and municipal entities achieve value for money in utilising public resources to deliver municipal services. It is the intention that the Regulations would become effective on 01 July 2018.

Comments received during the consultation process will be considered and processed with a view to addressing any shortcomings.